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An Ω indicates a Foreign Media Note.

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Purpose of U.S. Diplomat's Visit Questioned

AU1909135094 Tirana DITA INFORMACION in Albanian 8 Sep 94 p 3

[Report by Artur Selimi: "U.S. Mystery in the Short Tirana- Athens Circle: A Visit Without Fanfare to Two Balkan Countries"]

[Text] Richard Shifter, Bill Clinton's personal adviser in the Security Council for problems of central and Eastern Europe, arrived in Albania on Friday morning [2 Sep] and left for Athens on Saturday morning, sources close to the U.S. Embassy in Tirana report. The official media did not mention the visit, while foreign news agencies and Saturday's Albanian-U.S. newspaper LIRIA wondered whether the visit was made on his own initiative or as President Clinton's envoy. According to the paper, the information given out by the State Department was contradictory. Someone who wished to remain unidentified said that Shifter's visit was a private one, while someone else denied that possibility, given that Mr. Shifter is Mr. Clinton's personal adviser and cannot therefore take such steps without his permission. Nonetheless, the urgency of the visit (airport sources speak of a small, special aircraft) not only indicates the degree to which the critical point in Albanian-Greek relations has become internationalized, but makes one curious to know the content of the messages that the envoy brought to Albania. One unofficial source claims that Shifter demanded the release of the five Greek-speaking Albanians who were convicted yesterday. Lending credence to that, Sunday's issue of the Kosovo newspaper RILINDJA, while stressing the private nature of the visit, speaks of pressure being put by the Greek lobby on the U.S. administration to urge a solution of the problem in Greece's favor. The newspaper even hints at the existence of employees of Greek origin in the Clinton administration. Serious sources are speaking of pressure by the lobby even on the new U.S. ambassador to Albania, Lake.

When asked by our correspondent about this problem, the U.S. Embassy in Tirana simply acknowledged that the visit was taking place, but made no comment on it. Drastic changes, or no changes at all, in the sentences handed down by the court on the five defendants will perhaps clarify what the visit was about and might throw some light on the response given to the U.S. guest.

Zhelev Offers SDS Mandate To Form Cabinet

AU1909154194 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 19 Sep 94

[Text] President Zhelyu Zhelev has entrusted the Union of Democratic Forces [SDS] parliamentary faction—the second largest—with the mandate to form a new cabinet. Tomorrow at their meeting the SDS deputies will decide whether to reject the mandate or to try to utilize it.

SDS 'Likely' To Refuse

AU1909171094 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 19 Sep 94

[Text] On 19 September Stefan Savov, chairman of the parliamentary faction of the Union of Democratic Forces [SDS], met President Zhelyu Zhelev. After the written refusal of the Bulgarian Socialist Party to form a new cabinet, today the leadership of the SDS parliamentary faction was orally informed by the head of state that according to Article 99 of the Bulgarian Constitution, it is their turn to propose a candidate for the post of prime minister.

Mr. Stefan Savov told journalists that it is most likely that the SDS parliamentary faction would refuse the mandate, but this will be decided at the 20 September faction meeting.

During the meeting the political situation in the country was discussed. The leadership of the SDS parliamentary faction again declared to the president that it will not take part in the vote on amendments to the Constitution.

New Choice, DAR Agree

AU1909171794 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 19 Sep 94

[Text] At a working meeting, the leaderships of the New Choice and the Democratic Alternative for the Republic [DAR] parliamentary factions agreed to cooperate in an attempt to form a cabinet in this parliament.

According to both Dimitur Ludzhev and Aleksandur Tomov, it should not be done at just any cost, but only on the basis of a clearly formulated program and a firm commitment on the part of the deputies who are prepared to support such a cabinet.

The two leaderships declared that they will support a new cabinet, regardless of which parliamentary faction has the mandate to form it, providing that it meets the conditions posed by the two factions.

BSP's Videnov: New Cabinet 'Remote' Possibility

AU2009144194 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 20 Sep 94

[Text] The Supreme Council of the Bulgarian Socialist Party [BSP] will hold a plenum at the end of September or the beginning of October, at which it will decide on the party's eventual political partners. This is what Zhan Videnov, BSP leader, said today at the regular weekly BSP news conference.

The BSP prepared a major government program that will be published after the elections.

According to Zhan Videnov there is only a remote possibility of Dimitur Ludzhev or Aleksandur Tomov forming a new cabinet. The BSP will do everything possible to completely eliminate this possibility.

A normal lead-up to the elections will be a priority subject for the BSP faction's work in parliament. Today the parliamentary faction will submit a proposal to the National Assembly to include a debate on the Election Bill as the first agenda item at the parliament's 21 September session. The BSP has not relinquished the idea of amending the Constitution, because according to Rosen Khubenov, deputy chairman of the BSP parliamentary faction, those amendments would guarantee the honest and democratic conduct of the elections. However, if the amendments are rejected, the BSP will participate in the elections without them.

Kukan Expresses Satisfaction With Czech Relations

AU2009064694 Prague HOSPODARSKE NOVINY in Czech 15 Sep 94 p 4

[Interview with Foreign Minister Eduard Kukan by Oldrich Zabojnik; place and date not given: "The Election Results Cannot Alter Slovakia's Foreign Orientation"]

[Text] [Zabojnik] Cooperation is now determined, first and foremost, by commercial interests. Is it possible to state figuratively that some form of customs union exists in coordinating foreign policy?

[Kukan] Economic and political relations are conditional upon each other. Economic contacts are, of course, the bedrock, while the Slovak side feels they are developing well. The problems that exist in the relations of any country are being resolved in our case by negotiation. So far, a means has always been found that has respected the interests of both partners. Naturally, we have no customs union with my colleague [Czech Foreign Minister] Zieleniec; we do have well-tuned working relations, however. If it is necessary, we consult each other without any kind of protocol- based formalities. We pick up the telephone and discuss what we have to. Therefore, there is a mutual flow of information and we are both interested in continuing with it.

[Zabojnik] How satisfied are you then with the level of this cooperation?

[Kukan] We think it is good and we are extremely interested in ensuring that our relations stay like this and continue to develop.

[Zabojnik] The development of the situation has, obviously, forced the Slovak Republic to adopt a more differentiated course of action within the Visegrad Four [Czech Republic, Slovakia, Poland, and Hungary] Group. In this context, how would you formulate Slovak interests as far as the European Union [EU] is concerned?

[Kukan] The situation has changed. It is happening less and less that world politicians fail to mention Slovakia among the countries heading for inclusion in European structures. I personally believe that Slovakia has roughly the same qualifications as the other three partners in the Visegrad Four. Following the completion of the ratification of the Association Agreement with the European Union, Slovakia will not procrastinate and hesitate to submit its official application for full membership in the European Union. I think that this will happen at the beginning of next year. The differences in the times when these applications from the Visegrad Four countries are submitted will be of no fundamental consequence for their possible admission into the European Union. Irrespective of the fact that we have not yet submitted our application, we are not forgetting, for example, in adopting new laws and other norms, to make sure they are compatible with EU legislation.

[Zabojnik] What is your assessment of the contribution of the two countries' embassies in Prague and Bratislava to the development of mutual cooperation between the Slovak and Czech Republics?

[Kukan] We have specific, privileged, and above-standard relations because our common history cannot be wiped out. Therefore, we believe that our mutual relations with the Czech Republic should be different than, for example, our relations with Austria or Hungary. The two embassies play an important role in their development. I can say that I am satisfied with the activity of the Slovak Embassy in Prague and I think that the Czech Embassy in Bratislava is also doing all it can to ensure that our relations have such a character.

[Zabojnik] Could the results of the upcoming parliamentary elections somehow have an influence on Slovakia's foreign policy or even its orientation?

[Kukan] Continuity is what counts in Slovak foreign policy. We are sticking to the fundamental orientation that was defined immediately after the birth of the independent state. In international relations, our foreign policy has been presented in such an identifiable manner that it is out of the question to alter its direction and character now and each government that enters office after elections will continue with it.

Democratic Left Favors Continuing Privatization

LD1909164494 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1000 GMT 19 Sep 94

[Text] Prior to concluding its work the Slovak Coalition Council recommended to the government that it should not make decisions on the privatization of companies during the election campaign. Coalition Council recommendations are not, however, binding on the government, and on this subject the cabinet has decided otherwise.

The government's decisionmaking on privatization has thus earned the epithet of last-minute privatization. Last week, however, ministers belonging to the Christian Democratic Movement [KDH] did not support the approval of privatization in the form of direct sales, and proposed instead that these matters not be discussed during the election campaign.

The opinion of Privatization Minister Milan Janicina, who represents the National Democratic Party, is widely known and confirmed by the fact that Janicina is putting more companies on the cabinet agenda. The KDH is against this. However, there are two other parties represented in government: the Democratic Union and the Party of the Democratic Left [SDL]. What will their ministers do at tomorrow's meeting? Will a compromise be reached on this matter?

We tried to obtain answers to these questions from Prime Minister Jozef Moravcik, chairman of the Democratic Union. However, we were unable to interrupt the prime minister's busy schedule. We therefore obtained information from Lubomir Lintner, director of the government's press and information department.

In a telephone interview he confirmed that official talks are under way between representatives of the governing parties, but Prime Minister Moravcik is more inclined toward the idea of not making further privatization decisions.

My colleague Anna Samelova has investigated the positions of government members belonging to the Party of the Democratic Left. She began her interview with Deputy Prime Minister Brigita Schmoegnerova with the question whether privatization in the run-up to the elections is genuinely unavoidable.

[Begin recording] [Schmoegnerova] Opinions really do differ. It is important to bear in mind what is gained or lost by prolonging the period preceding the privatization of companies. I think that it would be more rational for us to continue in those cases where there is no doubt as to the correctness of privatization proceedings and where there is no doubt that the privatization program is well- prepared.

In cases where any such doubts arise, it is definitely wise not to be hasty, not to make any decisions. The last word will depend on how individual political parties in the government come to an agreement.

[Samelova] Your candidature for office was promoted by the Party of the Democratic Left, specifically on account of your expertise. How then do you view this privatization, specifically from this expert point of view? Can it be guaranteed that the government only decides to privatize those companies for which delaying a decision could bring more losses than gains?

[Schmoegnerova] I think that it can be guaranteed that genuinely only so-called undisputed cases are considered at the government level and subject to government decisions. Whenever I have the opportunity to travel, and nowadays I travel a good deal, I visit companies and in many cases I have become convinced that delaying the privatization decision merely means increasing their losses.

[Samelova] That would be the professional side of the problem. Let us now move on to the political side. How will SDL ministers vote in future government decisions?

[Schmoegnerova] Case by case. Whenever they see no problems or difficulties, given, that is, that this decision-making process were to continue, they would support the privatization program and vice versa.

[Samelova] To conclude, allow me one question that does not concern you personally. There has for some time now been public discussion of problems between Economic Minister Peter Magvasi and Minister Janicina. To what extent are you able to consider them as professional problems, and to what extent could they be personal, and to what extent political?

[Schmoegnerova] I interpret them above all as professional. Each minister approaches privatization from a different angle. The privatization minister wants to privatize as much as possible as fast as possible. The economy minister sees the situation in individual companies in more detail. He is better qualified to judge what process and what speed is best suited for any given company.

I think that it is fairly natural that these differing opinions exist, and it is wrong to interpret them in any other way than as different positions on the same issue. [end recording]

New Chief Editor of Union Daily Appointed

AU1909121394 Bratislava NARODNA OBRODA in Slovak 14 Sep 94 p 2

[TA SR report: "Assembly of the Confederation of Trade Unions of the Slovak Republic: New PRACA Chief Editor"]

[Excerpts] Bratislava—Yesterday's extraordinary assembly of the Confederation of Trade Unions [KOZ] of the Slovak Republic discussed the trade unions' own draft principles of a new Labor Code, drawn up by a KOZ group of experts. [passage omitted] Following a recommendation by the KOZ Presidium, and after considering its arguments, the assembly recalled M. Podstupka from the post of chief editor of the daily PRACA and approved E. Fasung for the post. [passage omitted]

Horn Urges Cooperation in Agricultural Recovery

LD1909194894 Budapest Kossuth Radio Network in Hungarian 1800 GMT 19 Sep 94

[Text] Prime Minister Gyula Horn has urged national cooperation to facilitate the recovery of agriculture. Addressing the Budapest congress of the European Confederation of Agriculture, the prime minister said that the government is paying special attention to the situation of agriculture and the population in villages.

According to Agriculture Minister Laszlo Lakos, the most important task is to create sensibly sized farms, because several hundreds of thousands of small farms, unsuitable for cultivation, had come into existence owing to incorrect implementation of the laws.

SZDSZ Chairman Peto Says Coalition Viable

AU2009063894 Budapest NEPSZAVA in Hungarian 17 Sep 94 pp 1,2

[Unattributed report: "Economic Growth Is a Social Interest, Too"]

[Text] Ivan Peto, chairman of the Alliance of Free Democrats [SZDSZ], visited NEPSZAVA's editorial room on 16 September.

We learned from him that he believes the coalition to be viable, although it partly depends on whether the government program that is the basis of the coalition will be implemented in the future. Talking about the relationship between the SZDSZ and the opposition, he said that, although the government could use its majority power in politics, the SZDSZ is open to the opposition's professional arguments. It is the party's goal to have the agreement of the broadest possible group of people before legal proposals are debated in Parliament. He said that, after taking its proportion in legislation into consideration, the opposition does not need to show any self-restriction; it can take a completely negative stand against all government initiatives in the coming four years if it so wishes.

In the course of the debate on the local government bill it came to light that passions can be distinguished from professional arguments. In Peto's view, the SZDSZ is more ready for compromise with the opposition parties than its coalition partner.

The conflicts of the SZDSZ's parliamentary group and the government come from the coordination mechanism, although it is possible to eliminate the coordination problems in drafting the bills. According to the new statute accepted by the government, five days prior to the consultation of the administrative state secretaries on Tuesdays, the participants and the two parliamentary groups receive the proposed bills. This period is enough to form a general view. The 10 days between the administrative state secretaries' consultation and the government session can be used to form detailed opinions.

With Laszlo Bekesi [finance minister] being forced to retreat in connection with the supplementary budget at the latest government session, we asked Peto if the government will have enough power and time to take tough economic measures and whether the coalition will be able to return to the original coalition program. Peto said that the finance minister's retreat was a result of a political decision.

As for the supplementary budget, a desire is prevailing that is different from the government program. Unless economic growth gets under way, an increasing number of people will need to receive some kind of benefits from the central budget.

On the media issue, in connection with the privatization of the frequencies and channels, Peto said that the government has not made a decision on this issue. At the moment, various proposals on the media law and frequencies are being discussed within the Hungarian Socialist Party itself, but far-reaching conclusions should not be drawn from this fact. The coalition government has the right to decide.

In connection with the local government elections, Peto said that the SZDSZ would probably not repeat its success at the previous elections but he hopes that the final order of the parties will be similar to that achieved at the election of parliamentary deputies.

Private Company Starts Public Service TV

LD1609192894 Budapest Kossuth Radio Network in Hungarian 1600 GMT 16 Sep 94

[Excerpts] At 0800 [0600 GMT] today the first 24-hour Hungarian private television station began operations. Erzsebet Kiraly reports.

[Kiraly] Currently about 800,000 people can watch the A3 program as the new television channel can be received with an AM micro antenna in Budapest within a 35-km radius around Budapest.

It is expected that the A3 could be received nationwide by 1996. The public service station, which is jointly owned by Nap TV, Pest-Budai Television, and the (DNTK SC), received a frequency license from the Ministry of Culture for six years. [passage omitted] Well-known radio and television journalists will produce the programs.

Foreign Minister on Possible Polish Role in Haiti

LD1909191494 Warsaw TVP Television First Program Network in Polish 1730 GMT 19 Sep 94

[Relayed by Warsaw TV Polonia Network]

[Text] As Deputy Defense Minister Jerzy Milewski told this program, a final decision on deploying a few dozen Polish soldiers to Haiti will take place after information has been acquired about the tasks that they would fulfill. According to Foreign Affairs Minister Andrzej Olechowski, the costs of the Polish mission will be paid by the United States.

Minister Olechowski said that if the need arises, then apart from the planned group of around 30 soldiers, Polish doctors will also travel to Haiti. For the time being, it is not yet clear what tasks the Polish soldiers will be given to fulfill.

[Begin Olechowski recording] After today's decision, and a Council of Ministers' decision, concrete contacts will now surely ensue between our military and the American military. [end recording]

The minister gave assurances that the costs of the trip will not burden the pockets of the Polish taxpayer.

[Begin Olechowski recording] Both transport and the stay of the Polish forces will be paid at the start by the United States, later by the United Nations. [end recording]

To the question of whether the departure of the Polish contingent to Haiti is necessary at all, Minister Olechowski said that Poland participates in all the missions of the United Nations, and he sees no reason why it should not do so this time as well.

Trade With Former Soviet States Described

94EP0091A Warsaw RYNKI ZAGRANICZNE in Polish No 101, 23 Aug 94 p 6

[Article by Mikolaj Oniszczuk: "New Objectives in Trade With Countries to the East"]

[Text] Poland is intensively exploring new ways and means of cooperating with the 15 countries of the former USSR, hereinafter referred to as the Eastern countries. This is reflected in the currently drafted government programs concerning economic strategy, foreign policy, and export policy.

Their purpose and nature is to gradually overcome the trends of decline and stagnation that arose after 1990 in trade and cooperation with these countries and to exploit the potential of the markets of these countries for promoting the manufacturing- and export-based growth of the Polish economy.

Diagnosis of the Stagnation

At present cooperation with the Eastern countries is difficult. The low volume of trade—about $3 billion in 1993, of which $2 billion with the Russian Federation—means a regression by about 60 percent compared with 1990. There is little stability in trade with individual countries, such as Belarus, Kazakhstan, and Uzbekistan. Similarly, the commodity structure of Polish exports to Eastern markets has been variable, lacking regular features. The balance of trade and payments displays a disturbing negative trend (minus $700-800 million). The barter type of trade, due to the partners' lack of foreign exchange, is becoming perpetuated. These are the facts.

This situation is due to many reasons. Above all, there is the deep and structural collapse of investment activity in the Eastern countries, which is resulting in a decline in demand for imports of investment goods from, among other countries, Poland. Another important factor is that our Eastern partners lack foreign exchange, which affects Polish exports adversely.

In addition, the radical change in the conditions of cooperation in trade as of 1 January 1991, namely, the shift from centrally managed trade to decentralized, market trade had been neither adequately prepared nor supported with the necessary economic and financial instruments. The economically justified foreign-exchange clearing system, based on real currency rates of exchange and current world prices, faced difficult obstacles in its introductory stage, especially the extensive structural economic crisis in the countries of the former USSR. Interim solutions in the form of barter transactions have not offset the adverse consequences of the collapse of trade since 1991.

There are also other reasons. The disintegration of government monopoly on foreign trade in Poland and, to a marked extent, in the Eastern countries caused direct foreign cooperation to become fragmented. Previously there used to be some 80 centralized state foreign trade enterprises, whereas nowadays more than 120,000 enterprises directly engage in foreign trade. Such a "revolution" was not and—I may be bold to say—still has not been adequately prepared. Deficiencies in suitable training of personnel as well as poor familiarity with new partners and with their credibility, including creditworthiness, remain tangible to this day. The absence of an appropriate banking, transportation, and communications infrastructure, as well as of adequate border crossings, still makes itself felt. In other words, we lack the means of coping with the problems of servicing the trade being implemented by tens of thousands of enterprises, let alone the problems of their coping with the requirements of the market economy. Then also there are the destructive effects of the emergence and operation of pathological structures in the economy and foreign trade, especially in the countries of the former USSR, in the form of corruption and the mafias. This is smothering many initiatives and undertakings, especially at small and medium-sized companies, ruining the effectiveness of transactions. And, lastly—which also concerns the Eastern partners—the existing legal, institutional-economic, banking, and financial structure does not meet the requirements of a market economy. Following a period of concentration and monopolization of foreign trade by Moscow, an infrastructure for direct foreign cooperation is barely, practically from scratch, arising in the individual Eastern countries, especially in Ukraine, the Baltic countries, and the Central Asian countries. Thus there is still a shortage of well-trained professionals, efficient organizational structures, and—aside from raw materials—many interesting exportable goods.

It should also be emphasized that in the Eastern countries the laws governing foreign trade are highly unstable and not cohesive, which can only partly be considered an objective thing. This concerns customs policies, quotas, licenses, concessions, certification of import shipments, and so forth. This causes considerable problems to exporters, not just to Polish ones.

Let's Keep the Prospects in Mind

Considering the above problems and flaws in mutual cooperation, proper conclusions have to be inferred from the present-day realities in order to perceive possibilities for a change to the better in the perspective of several or 10 or more years. This is important to politicians and to the policy of foreign economic cooperation. Besides, the existing government programs draw attention to long-term goals of strategic importance. In the case of economic cooperation with the Eastern countries, at least five strategic factors are involved.

The first factor, a general one and based on the natural asset of Poland's favorable situation on the political and economic map of Europe, concerns the need to improve, to a greater extent than in the past, the exploitation of our geographical position and economic potential for building an infrastructure of economic cooperation between East and West. In this country much is being said about Poland's role as a "bridge" between East and West, but when it comes to discussing specifics, we dispute whether we should build roads from the west to the east or from the east to the west. How about both?

The second factor concerns building modern, dynamic, and efficient foundations, structures, and mechanisms for economic cooperation as based, not fortuitously but consistently, on actions in the political domain.

The third and perhaps most important factor reduces to the proexport development of the economy and exports by exploiting the capacious and, in the long run, promising markets of the Eastern countries. Of a certainty, in the next few years, the imports of modern equipment and high technology to Poland will be from highly developed countries, including Germany, while up-to-date and competitive Polish exports will be in the direction of the Eastern countries.

The fourth strategic factor concerns assuring the possibilities for marketing Polish farm products in the Eastern countries. Here it should be borne in mind even now that they have to be competitive products of top quality and offered at prices not diverging from those charged by the highly developed countries. The outmoded ideas and theories that supposedly anything can be sold on the Eastern markets, that "we must sell there our output surpluses," have to be discarded.

Lastly, the fifth factor reduces to securing shipments of basic fuels and raw materials for the Polish economy, especially energy-rich materials from the Russian Federation. This may not be an acute problem at present but, as output and exports increase, the role of this factor will grow.

Objectives Until 1997

There are many objectives. Considering the diagnosis presented here alone, it is becoming important and urgent to counteract the factors causing adverse consequences and to strengthen desirable trends of growth and effectiveness of cooperation.

A priority objective should be to expand production for export and exports themselves. This concerns not just the Eastern markets but equally the markets of the highly developed countries. In this connection, there should be no repetition of the "sin of the past," meaning that the products exported to the Eastern markets should be not worse than those exported to the Western markets; they should be of good quality, salable, and competitive. This truth must reach every Polish producer and exporter, because in a market economy there is no room for trade in "illusions" and "wishful thinking." There will not be either any rigid, obligatory agreements and protocols between "trading governments." Production and trade are now being handled by the enterprises themselves.

In order to accomplish this objective effectively, favorable institutional-economic conditions are being and will be provided—insofar as the state's budget possibilities warrant. This is envisaged by the instruments and solutions adopted in the assumptions of proexport policy, which are being implemented step by step. This concerns the currency-exchange rate and such financial instruments for promoting exports as credits, loan-guarantees and sureties for export credits, and tax relief for exporters. And although the system of instruments for the financial promotion of exports is still in its introductory stage, such steps have already been taken. Additional capital has been provided by the state budget to KUKE, Corporation for Insuring Export Credits (capital increased to 300 from 40 billion zlotys), and the 1994 state budget earmarks funds for government loan-guarantees for, among other things, export credits. Last June the Sejm has adopted a law on insuring export contracts guaranteed by the State Treasury.

In this context of objectives more active ways of promoting exports also have been initiated: Compared with 1993 the funding of such promotion by the state budget has been tripled (to the level of 202 billion zlotys). This refers to funds allocated for the provision of information, promotion of trade fairs and expositions, and sponsorship of conferences, seminars, and publications, as well as additional funding of organized economic missions to the Eastern countries. For the first time in several years funds for such promotion, including public relations, at Polish economic and trade missions in many countries, including the Eastern countries, have also been increased.

Exports and their promotion are objectives for the present and for the near future. Their accomplishment entails the need to involve the ministries and banking institutions in the related conceptual studies, initiatives, and sponsoring projects. What matters here is not to "stage-manage" or "act in behalf of" the lower-level organizations or, especially, the enterprises themselves but to support them.

The point is the need to determine the industry-by-industry structure and even the range of products relating to the pro-export orientation of industry and trade, agriculture and the food industry, construction, etc. An enterprise should be able to orient itself whether to gear itself to manufacturing pharmaceuticals, processed apple or cherry products, or steel pipe. Shall the exports of aircraft and shipping be developed, or only the exports of their components and subassemblies? Such are the questions taken from real life—from meetings with enterprise managers. Hence they should be considered when planning overall policy.

There is a need for looking realistically at big issues that are nowadays forgotten as it were—at coproduction and at cooperation in investment and production. In that respect even now a picture of our own possibilities and intentions should be formed, and they should be faced, that is discussed with partners. This is not premature.

An urgent and necessary matter is to hasten the work and undertake new initiatives to build a banking and financial infrastructure for this cooperation. The related work being done so far has been too slow and unproductive. No Polish-Ukrainian bank or for that mater Polish-Belarusian or Polish-Russian bank has yet been established. Could this be "the calm before the storm," before a sudden explosion of positive effects? This also applies to the "drought" observable in the concepts and solutions concerning the clearing of accounts with the Eastern countries—there is a dearth of new ideas and initiatives. Yet the problem will not be solved of itself. Thus it is time to energize efforts in both these domains.

The New Direction: The Regions

In the development of economic cooperation with the Eastern countries attention should be drawn to two new domains of action: regional cooperation and the possibilities for intensifying contacts and cooperation among small and medium-sized enterprises, especially the private ones. Our experience and that of other countries indicates that here there still exists considerable untapped potential for doing good business. The small and medium-sized enterprises are a highly dynamic sector in trade with the Eastern countries, and especially with Ukraine, Belarus, Lithuania, and Russia. Their prospects are very good, even though they operate in difficult conditions.

Both the small and medium-sized companies and all the other enterprises interested in cooperation with the Eastern countries should focus more attention than in the past on the economic regions of the Russian Federation and Ukraine, on the oblasts and economic zones of these and other countries. This concerns especially Kaliningrad Oblast, the "Yantar" WSE, Kemerovskaya Oblast, termed the Kuzbass, the Bashkortostan Region, Tatarstan, Western Siberia, Krasnoyarsk Kray, and even the Far East of the Russian Federation. Why? First of all, not all the decisions on exports and imports are taken in Moscow. Many are being taken independently by the administrative authorities of the regions and oblasts. Second, "regional" legislation guarantees in some ways privileged and favorable treatment of foreign investors and enterprises. Third, many regions, especially the ones rich in natural resources, have money as well as "commodity money" in the form of raw materials of interest to us. In addition there are the numerous instances of competitive bidding for the construction and modernization of plants, for the building of a transportation infrastructure and tourist facilities, and for shipments of investment goods. There also exist possibilities for sales of food products and durable consumer goods. There also are risks, but they should not be exaggerated considering that not only the rich (the Germans, the English, the Americans) but also the poor (the Bulgarians, the Romanians, the Czechs, and the Hungarians) know how to cope with them.

When directing our eyes at the Eastern markets—at Moscow, at St. Petersburg, at Kiev, at Minsk, or at the economic regions—we should be mindful of both our strategic and our short-term interests. But above all, we should assess our own possibilities realistically. And these possibilities will be greater if we attend to making up-to-date products and bid competitively. Because we are not lacking in the will to develop trade partnership with the Russians and Ukrainians, for example.

Deadlock Continues in Naming New Police Chief

WS2009101494 Warsaw TRYBUNA in Polish
20 Sep 94 p 1

[Report by Anna Kwiatkowska: "Police Deadlock"]

[Text] **After the telephone conversation between President Lech Walesa and Prime Minister Waldemar Pawlak, it is still not known who will be the new chief of police.**

Leszek Lamparski started taking his medical exams on 19 September. Based on the results of those exams, the Ministry of Internal Affairs [MSW] is to issue an opinion as to whether the health of the candidate for police chief, submitted by the prime minister, has changed so much that he can assume the post. Three years ago the ministerial health commission decided that Leszek Lamparski was permanently incapable of working for the police. MSW press spokesman Piotr Szczypinski declared that the internal affairs minister "will promptly convene the Political Advisory Committee after the decision comes into force."

Meanwhile, we can hear further speculations concerning the personnel in MSW. Asked whether he had been offered the post of deputy minister of internal affairs, Michal Kurek of the Polish Peasant Party [PSL] said that this was his "sweet secret." "I want to be as far from politics as possible and I do not feel like being a bargaining chip in a political game," said Michal Kurek. Some of the members of the Political Advisory Committee believe that his candidacy is not very likely. The candidate for the deputy ministerial post that is mentioned more frequently is Andrzej Grzyb, deputy chairman of the Sejm Administration and Internal Affairs Committee.

"Introduction of a PSL deputy minister would be advantageous to the ministry as well, because it would gain additional support in the Sejm," believes Tadeusz Kowalczyk, representative of the Non-Party Bloc in Support of Reforms in the Political Advisory Committee. The president may or may not, however, agree to that...

Tension Between Walesa, Coalition Said Rising

WS1909130094 Warsaw ZYCIE WARSZAWY in Polish 17 Sep 94 p 2

[Article by Robert Krasowski: "Walesa Played a Bad Hand"]

[Text] Those politicians who believe that journalists have made up the reports that Walesa dismissed presidential ministers are mistaken.

The Belvedere has simply given the coalition a clear signal that it is ready to take even the most radical steps.

It is no coincidence that on that very same day, the president and his cohorts appeared in the Sejm to support [Polish National Bank Chairperson] Hanna Gronkiewicz-Waltz in her conflict with the government. His statement that Prime Minister Pawlak deserved to be dismissed because the appointment of a new chief of police is taking so long, is also not a coincidence. In addition, it is no coincidence that on that same evening the president summoned a meeting with [Defense Minister] Kolodziejczyk, [Internal Affairs Minister] Milczanowski and [Foreign Affairs Minister] Olechowski, about which the Presidential Press Office was quick to report.

Since the Belvedere has already sent out three signals pointing to a conflict with the government, there is no reason why it should not send out a fourth—a suggestion that heads of the Ministry of Defense, the Ministry of Internal Affairs, and the Ministry of Foreign Affairs could resign.

The last signal seems to be no more than a political bluff. How could the president benefit from that?

Would he advertise his conflict with the government? He could do that without dismissing any ministers, at least through public statements, which are widely spread by the media. By dismissing them, he takes the risk that he may never be able to recover his influence in those ministries. They were the major element of the president's real power, and it is for this power that the president fought most of his political battles.

Maybe there is a propaganda aspect to this, in terms of profits derived from a spectacular breaking himself away from the postcommunist system? This is also difficult to believe. First of all, why would he do that at this point? It would be better to wait, so that voters still remember on presidential election day. This solution would also allow for a shorter period of time away from power in these ministries.

Besides, the president does not have any grounds to believe that his decision would be met with public approval. Dismissing heads of ministries playing a key role in state security would point to unforgivable irresponsibility. What arguments could Walesa use? He cannot say that these are political tactics, because it would appear as political rashness. He also cannot say that he is irritated by the issue surrounding the police chief, because no one would understand why he dismissed the head of the Ministry of Foreign Affairs. The defense of the central bank's independence also does not relate in any way to the head of the Ministry of Defense

It is problematic in terms of whether or not the president would even be capable of carrying out the plan. Of course he could persuade three ministers to resign, but can he be sure that once the prime minister rejects these resignations they will not remain in the government anyway? Rumors of a conflict between them and the president have been circulating for some time. Perhaps this could be an opportunity to finally break away.

The president is surely aware of all this, therefore the idea of withdrawing the ministers should be treated as a bluff. Is it effective? Rather not. The coalition politicians are also aware of this, and they would gladly divide the presidential empire among themselves. They are already saying that if the president blocks their ministerial candidates, they will be content with having them appointed as department heads [in the respective ministries].

Moreover, the conflict generated by the president seems to benefit the coalition. The presidential election campaign is approaching, in which Walesa will be a rival of both the Democratic Left Alliance [SLD] and the Polish Peasant Party [PSL].

The latter is especially important. Until recently it seemed that the good relationship between Walesa and Pawlak was solid. Today one can clearly see it is not.

Although the president sought the support of PSL in the elections—which would be manifested by PSL's withdrawing its candidate, or fielding one without any chance of winning—Pawlak rejected such a deal. This is probably the main reason for Walesa's wrath.

PSL leaders are convinced that their candidate could get 20 percent of the vote. They estimate that Jozef Zych—depending on who would be his rival in the second round of elections—could get the votes of the intelligentsia and the countryside, anti-Walesa supporters of the Polish Peoples' Republic [PRL], and PRL enemies who are against Kwasniewski. They believe they could win the elections. Thus, they believe that Walesa is not in a position to give them conditions anymore. At the most, he can negotiate as an equal partner.

Even worse for Walesa is the fact that PSL politicians no longer fear that Kwasniewski might win. They know they will stay in power anyway ("What government would PSL like to have in opposition a year and a half before the parliamentary elections?"—PSL politicians ponder). They do not see Walesa's victory as a precondition for remaining in power.

In the case of SLD, the issue is even more obvious. Walesa will surely be a rival to the SLD candidate. Besides, the president has gotten in SLD's way so much over the last few months that the postcommunists have no political interest in compromising with Walesa.

SLD politicians, therefore, have no reasons to fear a conflict. Even more so—they could benefit from one. It could be the first tug-of-war in which they stand a strong chance of winning.

There is one conclusion. Considering the current balance of power and the condition of SLD and PSL, the president is in no position to raise threats. As long as the coalition parties have common objectives, the president is rather unlikely to prevail in the conflict.

Poll Indicates PSL Leading SLD, 'S' Gains

WS1909122694 Warsaw RZECZPOSPOLITA in Polish 17-18 Sep 94 p 2

[Report by R.W.: "OBOP Election Poll; Peasants Up, Left Down"]

[Text] If the parliamentary elections had been held at the beginning of September, the Polish Peasant Party [PSL] would have stood the best chance of winning. Since July this grouping's popularity among voters has increased. This has been accompanied by a decrease in the number of those who want to vote for the Democratic Left Alliance [SLD], the peasant's government partner. As for oppositional groupings, "Solidarity" ["S"] gained popularity; Freedom Union [UW] and the Non-Party Bloc in Support of Reforms [BBWR] became less popular. The 5-percent requirement imposed by the Electoral Law would be met by six groupings—all of them are now in the Sejm (with the exception of the Confederation for an Independent Poland—KPN, which obtained only 3 percent); the extraparliamentary grouping that would find itself in the Sejm is "S." The poll was carried out by the Center for Research on Public Opinion [OBOP].

The change in the two first positions on the list, which was not predicted in the August polls, is the only new trend observed by OBOP. It is too early to draw any conclusions until this trend is borne out by some other polls. Opinion polls on electoral preferences in a country with an unstable party system are governed by their own rules; thus, occasional shifts of one party up or down the list are not infrequent.

However, some other trends observed in the previous polls—for example, the polls carried out every month by the Public Opinion Research Institute for RZECZPOSPOLITA—were confirmed. In the middle of the list the position of UW is deteriorating and the trend is becoming increasingly clear. The position of the Labor Union [UP] is stable (even though it was questioned in June, after the party's failure in the local elections). The strike-and-constitution oriented activities have turned out to be beneficial to "S." KPN, as well as BBWR (even though to a lesser degree) may join the group of parties whose position is very weak (this group usually includes most of the rightist groupings).

In comparison with July, the number of person who are determined to vote increased from 37 to 43 percent.

The poll was conducted between 2 and 6 September; participating were 1,001 randomly selected persons over 18 years of age. The comparative data comes from a poll carried out between 15 and 19 July among 923 respondents.

Election Preferences (among persons ready to vote in parliamentary elections)

Party	July	September
PSL	19 percent	22 percent
SLD	24 percent	19 percent
UW	11 percent	9 percent
UP	8 percent	7 percent
"S"	3 percent	6 percent
BBWR	9 percent	5 percent

Daily Views New Law on State Secrets

WS1609133094 Warsaw GAZETA WYBORCZA in Polish 16 Sep 94 pp 1, 2

[Report by Katarzyna Kesicka: "State Made Secret"]

[Text] *A journalist who reveals a state secret may be sentenced for up to 10 years in prison, says the new law on* *the protection of state and professional secrets [tajemnica sluzbowa], forced yesterday through the Sejm with the votes of the Democratic Left Alliance [SLD], Polish Peasant Party [PSL], and the Non-Party Bloc in Support of Reforms.*

The law was supported by 268 deputies; the entire Freedom Union [UW], the Confederation for an Independent Poland [KPN], and part of the Labor Union [UP]—75 deputies in all—voted against, and 19 deputies abstained.

The Law Threatens

The old law did not make it clear whether punishment should be inflicted only on the civil servant who signed the commitment obliging him to keep a secret, or also on other persons. The new law leaves no such doubts: anyone who knows that a given piece of information is a secret may go to prison for revealing it—even if he or she found out by accident. The law entitles the citizen (which is a novelty) to appeal to the Supreme Court of Law if he has been denied access to state secrets. The situation is much worse as far as the professional secret is concerned: civil servants are to decide themselves what is a professional secret; there will also not be a possibility of appealing their decisions.

Seventy-One Secrets

However, controversies are stirred up by the annex to the law, that is, 71 definitions specifying what exactly is a state secret. Here are some examples:

"—Council of Ministers material concerning the evaluation of the state's strategic potential, the government's strategic orders, and their implementation.

"—Decisions made by the president of the National Bank of Poland concerning any changes in the zloty exchange rate, in relation to foreign currencies—decisions which need to be discussed with the finance minister and the minister of foreign economic cooperation, until they are announced.

"—Development-oriented and other research which is particularly important to the economic interest of the state, ordered by the chief and central state organs.

"—Information concerning technical, technological, and organizational data, the disclosure of which might be detrimental to an important economic interest of the state.

"—Information concerning the plans and the tasks of the foreign policy, the disclosure of which might be detrimental to an important interest of the state or to some other party of international relations until the information is officially announced.

"—Materials, documents, reports on international negotiations and consultations, as well as international agreements or their portions, if they have been pronounced secret on the motion of one of the parties."

"These definitions are bottomless pits, in which you can put and make secret anything you want," believe deputies critical of the law.

UW tried to supplement the law on state and professional secrets with guarantees of free access to information. However, the SLD-PSL coalition turned down the amendment.

"We should object to a law which will regulate the problem of the freedom of the press by means of the muzzle method," says UW Deputy Jacek Taylor.

In line with the amendment proposed by UW, a journalist who reveals a state secret due to an "important public interest" (for example, because the secret document permits activities that are contrary to the Constitution) would not commit an offense.

However, the amendment was supported only by 107 deputies—the entire UW, as well as virtually all the UP and KPN deputies. Most of the coalition deputies (209) were against; 37 parliamentarians abstained.

"By gagging the press the new law limits social control over the authorities," UW's Andrzej Potocki told us after the voting.

Protected Interest

"A journalist cannot have greater rights than a policeman does," said SLD's Jerzy Dziewulski, who did not conceal his satisfaction. Jerzy Jaskiernia (also a member of SLD), who—as the parliament's reporter—is working on a report for the Council of Europe on the freedom of press in post-communist countries, announced that he would describe the controversies over the law; however, he would not consider it to be a gag on the press.

"The law limits only the disclosure of the state's strategic interests," he tried to calm journalists. *"If, for example, some secret instruction contradicts the law and the Constitution, you will be able to disclose it, because the protection of whatever is contrary to the law does not lie in the public interest."*

However, such guarantees for journalists are not to be found in the law: it categorically prohibits journalists from revealing secrets, even if these secrets conceal an offense. *"Perhaps there should be such guarantees in it,"* Jaskiernia wonders. *"However, the right place for them is rather in the press law that is being worked on."*

Secrets Will Not Be for Ever

A step forward in comparison with the present regulations is the introduction of [as published], after which state secrets should be revealed. So far nothing has obliged civil servants to lift the clause on secrecy, and secrets could stay secret forever.

In line with the new law, the "top secret" secrets of the intelligence and counterintelligence services remain secret for 80 years from the moment they are pronounced secrets; other "top secret" documents—for 60 years; "secret" documents concerning defense, security, and important international interests of the state—for 40 years. "Secret" information related to the economy can be disclosed after 30 years. The government can prolong or shorten these periods in individual cases.

"Personal files and other information identifying operational employees of the intelligence and counterintelligence services, as well as secret cooperators with the police and the special services do not always have to remain secret."

Control and Appeals

The personal files will not be available even to the Sejm deputies of the special committee exercising control over the special services, which is to be set up in the Sejm any time now.

However, all other state secrets will be available to the committee's deputies because of the function they fulfill. So far all parliamentarians have had to obtain a special permit from the head of the Ministry of Internal Affairs [MSW] to be able to become familiar with "top secret" documents.

A solution that honors citizens' liberties is also the introduction of appeals. If a civil servant denies us some information and quotes the law on state secrets, we can appeal to his minister, and from his decision—appeal to the head of the national defense minister or the internal affairs minister. They must give a written response whether or not the denial was justified.

The final decision will be made by the Supreme Court, which we may request to rescind the decision of the heads of the Ministry of National Defense and MSW. In the extra-trial mode it will issue its decision, in which it may either order the ministers to give us the information or maintain their denial.

Professional Gap

The law does not resolve, however, the problem concerning access to the other kinds of secrets—professional secrets. A professional secret is information which is obtained when one works in state and self-government institutions. If the head of an office decides that the disclosure of information related to the work may be detrimental to the public interest or to the legally protected good of a person whom the information concerns, he may order his subordinates to treat the information as secret.

While creating professional secrets, a civil servant does not have to stick to any list—there is simply no such list, as in the case of state secrets.

No deputies are able to give us a specific definition of "public interest." The old law referred to a "social interest," which was an equally unclear phrase. Its capacity allowed, for example, a civil servant in the Police Main Headquarters to consider instructions on the use of policemen's whistles as a "professional secret" and to deny us access to it.

The new law does not say anything about whether citizens are entitled to appeal such a denial, and if they are, then to whom. *"The Senate can work on this gap and make it more specific,"* Jaskiernia comforted us.

In line with the Criminal Code, it is not journalists but public functionaries and employees of state or social institutions who are responsible for the disclosure of a professional secret.

Commentary Views 'Rigorous' State Secrets Law

WS1609115394 Warsaw RZECZPOSPOLITA in Polish 16 Sep 94 p 2

[Commentary by Bozena Wawrzewska, under the "Observations" rubric]

[Text] The Sejm passed a rigorous version of the law on state secrets. A bad thing happened—the Sejm adopted the version that is very favorable to authorities and unfavorable from the point of view of the interests of a democratic state.

Protection of such secrets is a constitutional value, but it is not autonomous. It is frequently in conflict with other rights of a democratic state: freedom of speech and the press, the right of citizens to information, the right of journalists to monitor the authorities. The law on state secrets, in the version adopted by the Sejm, limits these rights.

Some legal norm is needed to regulate the issue of state secrets; it would specify—we might discuss to what extent—what is and what is not a secret. The prohibition of disclosing such information, however, should concern those who actually release classified information. It should certainly not apply to journalists, who have the duty of obtaining information.

It is the task of journalists to speak, relate, and reveal scandalous affairs; it is obvious that they are watching first of all the hands of the authorities. Under the new law they can be very easily forced to remain silent under the comfortable pretext of protecting a state secret. Deputies who pass such a law apparently do not understand the role of the press in a democratic state. Or they long for what the press was in the times of the Polish People's Republic.

Solidarity's Draft Constitution, Others Compared

94EP0093A Krakow TYGODNIK MALOPOLSKA No 25, 4 Aug 94 p 3

[Compiled by Dr. Barbara Kasinska, Dr. Michal Kasinski, and Andrzej Woznicki: "The Constitution of the Republic of Poland: A Comparison of Drafts Prepared by NSZZ Solidarity, the Presidency, Democratic Left Alliance, and Freedom Union"]

[Text] The NSZZ Solidarity draft is the most forward-looking. It is open to a fundamental reform of the state, conducted by the entire nation, whose rights and interests are safeguarded by the mechanisms of both parliamentary democracy and direct democracy. Such a reform leads to a rupture with the communist past. In contrast, the other drafts are confined to bedecking the former People's Republic of Poland in new liberal and democratic plumage.

The Preamble

Only the NSZZ Solidarity draft contains a general preamble harkening back to the irredentist, patriotic, and Christian roots of the Polish Republic. It is important as a guide to interpretations and decisionmaking. It means acceptance of responsibility for the historical continuity of the nation and state.

The SLD [Democratic Left Alliance] draft is merely supplemented with a rationale referring to the programs and declarations of the postcommunist groupings.

The Purpose of the Constitution

Only the NSZZ Solidarity draft includes the stipulation, in Article 51, of direct enforcement of the constitutional provisions. Without that stipulation the constitution would be a mere collection of phrases and nonbinding wishful thinking.

In contrast, under the Presidency's draft, in Article 12, constitutional provisions are to be enforced with allowance for other laws in force whenever these apply. This ambiguity assigns to laws the most important role in the judicial system. On the other hand, the Bill of Rights appended to the constitution is supposed to be directly binding on the authorities, but its legal category is difficult to define.

As for the LSD draft, in accordance with the tradition of communist theory and institutional practice, the provisions of the constitution are not laws *sensu stricto*, meaning that they provide no legal foundation for actions by the government, which is supposed to act solely in accordance with law. In this case the constitution is a collection of wishes, recommendations, and suggestions addressed to the lawgivers. When the constitution is so construed, nothing can prevent saturating its text with meaningless and nonbinding pretty catch phrases.

The Concept of the State

Under the NSZZ Solidarity and presidential drafts the Republic is the common weal of the citizens. This formulation, taken from the social teachings of the Roman Catholic Church, bids treating all public activities of the government, both local and national, and of the political parties, associations, trade unions, and individual citizens as service for the common good represented by the Republic.

The SLD and UW [Freedom Union] drafts are linked by the traditional concept of the state construed positivistically as the guarantor and regulator of laws rather than as a bearer of major moral truths. Under this interpretation, the Republic is owed obedience and respect but cannot be loved.

Purposes and Objectives of the State

In its Article 2 the NSZZ Solidarity draft safeguards the rights of man and their inviolability, along with national independence, territorial integrity, and cultural and linguistic heritage.

The presidential draft stresses respect for the rights of man and social rights in its Articles 3 and 4 and makes the protection of national independence an objective of the armed forces (Article 97).

The SLD draft regulates these matters similarly.

In contrast, the UW draft does not provide for safeguards of Poland's independence and territorial inviolability.

Vesting Power in the State

The supreme power in the state is vested in the Nation, according to Article 3 of the NSZZ Solidarity draft. According to the Preamble and Articles 2 and 3 the Nation is construed as a community bound by ties of common history, culture, and language. Such a definition makes the Nation open to anyone desiring to identify himself or herself with that community and become its member.

The UW draft declares that power derives from the Nation, but this in itself does not make clear in whom or what that power is vested.

The presidential and SLD drafts also do not clarify the vesting of power, and they construe the nation as the commonality of citizens.

Separation of Powers

Under the NSZZ Solidarity draft the classical division into legislative (the Sejm and Senate), executive (the Government and the president), and judicial powers is complemented with expanded elements of direct democracy in the form of civic legislative initiative plus the legislative initiative belonging to representative trade-union organizations. In addition, that draft identifies negotiating institutions such as the Trilateral Commission and elaborates control institutions such as, in addition to the Supreme Chamber of Audit, the General Procuratoria monitoring the assets belonging to the State Treasury. This complex system with a precisely defined division of powers safeguards the social equilibrium in the course of the reforms and enhances the citizenry's feelings of personal security.

In comparison, the other drafts lack such elements of direct democracy. What is more, the SLD's draft provides for disbanding the Senate and making the president a figurehead.

Fundamentals of the Social and Economic System

The NSZZ Solidarity draft considers labor the basis for the growth of the state. This is a direct reference to the April Constitution [23 April 1935] of the Second Republic. This formulation is linked to defining the economy—based on freedom and solidarity—as a market economy with clearly accented elements of social dialogue and civic participation.

In contrast, the other drafts resort to slogans on these issues. Essentially, they restrict freedom and stress the regulatory intervention of the state into economic processes.

Rights of Man, Civil Rights, and Worker Rights

All the drafts present similar catalogues of the rights of man but differ markedly in how they rank these rights.

The NSZZ Solidarity draft in its provisions concerning the protection and safeguards of the rights of man gives priority to all the values which the constitution is to serve. It places strong emphasis on the right to life from inception until natural demise as the first and most important right of man. It stresses the protection of the family as a whole by the state's social and economic policies.

In contrast, the other drafts stress, to be sure, the rights of the child but not the rights of the family, as if the former could be isolated from the latter. No mention is made of the latter, and only protection of the family is mentioned.

As regards freedom of assembly, it is safeguarded in all the drafts, except that the NSZZ Solidarity draft prohibits parties and associations with totalitarian, including Nazi and communist, programs.

Under the NSZZ Solidarity draft safeguards of the right to work, to a decent wage, and to protection of employment relationship are provided. Also safeguarded is the right to health care, along with the construction of an efficient social insurance system.

The presidential draft, with its Bill of Rights, reflects intentions consonant with those of the NSZZ Solidarity draft, but the unclear legal status of that appendix to the constitution is a shortcoming.

Church-State Relationship and Freedom of Conscience and Religion

Under the NSZZ Solidarity draft the state safeguards the autonomy and independence of the churches and cooperates with them for the sake of the common good.

The presidential draft safeguards mutual autonomy of the state and the church, the UW draft safeguards church-state separation, and the SLD safeguards a secular state and tolerance.

Freedom of conscience and religion is guaranteed by all the drafts, but only the NSZZ Solidarity draft provides constitutional safeguards of the right to teach religion in accordance with the desire of parents.

Introductory Provisions

The NSZZ Solidarity draft is the only one to provide safeguards of:

1) Reprivatization [restitution of nationalized property].

2) Universal property enfranchisement.

3) Restoration of citizenship in cases in which it had been forfeited after the war under the legislative rule of the People's Republic of Poland (PRL).

4) Vetting of judges.

5) Disclosure of the archives of secret PRL services.

6) Verification of international agreements concluded by the PRL.

7) Legal safeguards of the existence of new systemic institutions, such as the Trilateral Commission, investigating magistrates, and justices of the courts of abrogation.

Law on Cooperative Banks, BGZ Restructuring

94EP0094A Warsaw NOWA EUROPA in Polish 16 Aug 94 pp 1-8

[Law dated 24 June 1994 governing the restructuring of the Cooperative Banks and the Food Industry Bank as well as amendments to certain laws; published originally in DZIENNIK USTAW No. 80, Item No. 369—first four paragraphs are NOWA EUROPA introduction]

[Text] *The Law on Restructuring the Cooperative Banks and the Food Industry Bank, which took effect on 12 August, markedly differs from its original drafts presented as early as last March. The cooperative banks gained greater autonomy and can extend their operations to neighboring townships [gminas] as well as grant loans not just to shareholders. The law provides for a triple-tiered structure of the cooperative banking system. Cooperative banks will be associated in nine regional banks, each with a capital of not less than 5 million ECU, becoming share-owners in the latter banks. In their turn, the regional banks will own shares in a national bank whose functions will be exercised by the BGZ [Food Industry Bank], to be reorganized into a joint-stock company, whose capital stock is to be reduced by the shares of the banks which by 27 August fail to declare the intent to participate in BGZ SA, Inc. The State Treasury will hold 56 percent of the shares and the cooperative banks 44* *percent. One month after its registration in a court, BGZ SA will receive from the government restructuring bonds in the amount of 12 trillion zlotys.*

The biggest flaw of this law is thought to be that it combines in a single organism reformed cooperative banks with the BGZ, which is in a difficult financial situation. Another flaw is the strongly centralized financial structure of the new association. That is because the regional banks are obligated to transfer to the national bank 75 percent of the funds they accumulate for periods of more than two years, as well as surpluses of their short-term funds.

Many cooperative banks do not accept this solution. It is likely that three currently operating regional banks (Bank of the Economic Union, Economic Bank Wielkopolski, and Economic South-West Bank), which together associate some 400 out of the more than 1,600 cooperative banks, will remain outside the new organism. The several score banks associated with the BGZ have declared their intent to join the existing regional banks.

The provisions of the law do not apply to the nonassociated cooperative banks which meet the organizational and capital requirements mandatory for establishing banks pursuant to the Banking Law.

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Law of 24 June 1994 Governing the Restructuring of the Cooperative Banks and the Food Industry Bank as Well as Amendments to Certain Laws

Chapter 1. General Provisions

Article 1.1. The present Law defines the guidelines for the establishment, organizational structure, operations, and mutual association of cooperative banks, of regional banks associating cooperative banks, hereinafter referred to as "Regional Banks," and of a national bank associating the regional banks, hereinafter referred to as "National Bank."

1.2. The present Law also defines the guidelines for the restructuring of the cooperative banks associating themselves pursuant to the present Law, as well as for the restructuring of the Food Industry Bank.

1.3. The provisions of the present Law do not apply to the non-associated cooperative banks which meet the organizational and capital requirements for the establishment of banks and which are established and operate pursuant to the provisions of the Law of 31 January 1989—Banking Law (DZ.U., No. 72, Item 359, 1992; and No. 6, Item 29, No. 28, Item 127, and No. 134, Item 646, 1993).

Article 2.1. A cooperative bank is a cooperative which, to the extent not regulated by the present Law and the Banking Law, is governed by the provisions of the Law of 16 September 1982—Cooperative Law (DZ.U., No. 30, Item 210, 1982; No. 39, Item 176, 1983; No. 39, Item 192, 1986; No. 33, Item 181, 1987; No. 41, Item 324, 1988; No. 3, Item 12, and No. 6, Item 33, 1989; No. 6, Items 36 and 37, and No. 14, item 87, 1990; No. 83, Item 373, No. 111, Item 480, and No. 115, Item 496, 1991; and No. 21, Item 85, 1992).

2.2. The Regional Banks and the National Bank are banks operating in the form of joint-stock companies and, to the extent not regulated by the present Law, they operate pursuant to the provisions of the Banking Law.

Chapter 2. Cooperative Banks

Article 3. A cooperative bank is established, on adhering to the procedure defined by the provisions of the Banking Law and the Cooperative Law, upon the consent of the chairman of the National Bank of Poland, issued in consultation with the Minister of Finance, following a request by the founders.

Article 4. A cooperative bank operates on the area of the gmina [township] in which it is sited, as well as, with the consent of a Regional Bank, on the area of a region or of a part thereof.

Article 5.1. Cooperative Banks perform the following banking operations:

1) Maintenance of bank accounts and clearing of monetary transactions.

2) Acceptance and servicing of savings deposits and term deposits.

3) Granting of credits and loans to individuals, legal entities, and organizational units lacking legal entity, resident or having offices in the area of operations of the cooperative bank.

4) Acceptance of sureties.

5) Safekeeping of objects and securities and provision of safe deposit boxes.

6) Acceptance of term deposits and their transfer to the Regional Bank with which it is associated, on terms defined in the association agreement.

7) Check-clearing operations and discounting of bills of exchange.

5.2. In addition to the operations referred to in Paragraph 1 cooperative banks may perform other banking activities, exclusively in and on behalf of the Regional Bank, within the limits of the powers granted to them, or on their own behalf on the basis of a permit issued by the Regional Bank.

Article 6. Cooperative banks may, with the consent of the Regional Bank with which they concluded an association agreement, participate in the organizations and projects referred to in Article 8 of the Banking Law.

Article 7.1. Every member of a cooperative bank is obligated to contribute and own at least one share therein. The minimum amount of a membership share is specified in the bank's statute. Granting credits or a loan may be made contingent in the bank's statute on ownership of a share or shares in that bank by the borrower. These shares may be secured by deducting an appropriate amount from the credit or loan granted, and they may not be withdrawn prior to repayment date.

7.2. Shareholders are responsible for the operating losses of their cooperative bank up to the amount of the shares they own therein. The bank's by-laws may augment that responsibility up to the double amount of the worth of their shares.

Article 8.1. The chairman of the board of a cooperative bank is appointed and recalled by the bank's supervising council upon consulting the board of the Regional Bank with which the cooperative bank is associated.

8.2. The other board members of the cooperative bank are appointed and recalled by its supervising council upon the recommendation of the chairman of the board of the cooperative bank.

8.3. At least two members of the board of the cooperative bank, including the board chairman, of the cooperative bank must have the qualifications and professional experience assuring that the bank will be managed so as to protect the security of the deposits and investments made therein, and they must remain bank employees.

Article 9.1. The supervising council of the cooperative bank consists of at least five members who also are bank members.

9.2. Within the supervising council of the cooperative bank the proportion of employees who also are bank members may not exceed one-fifth of the council's membership.

Article 10.1. A loan committee acting as an advisory body operates within the cooperative bank.

10.2. The composition of the loan committee and its operating procedure are determined by the supervising council of the cooperative bank.

Article 11. A declaration of intent concerning the credits and loans granted by the cooperative bank must be, in order to be valid, signed by two members of the board or by one member of the board and a person with a valid power of attorney.

Chapter 3. Regional Banks and Associations

Article 12.1. Cooperative banks form, with the proviso of Article 1, Paragraph 3, Regional Banks and are their shareholders. The acceptance of any other shareholder by the Regional Bank requires the consent of the chairman of the National Bank of Poland.

12.2. A shareholder in a Regional Bank is eligible for one vote at a general meeting of shareholders, regardless of the number of shares owned. Shareholders other than cooperative banks are not eligible to vote at the general meeting.

12.3. Cooperative banks holding shares in the Regional Bank are represented at the general meeting of shareholders of that Bank by a supervising-council member who is not a bank employee.

12.4. The council of the Regional Bank is elected by the general meeting of shareholders from among persons representing the Bank's shareholders.

12.5. The chairman of the board of the Regional Bank is appointed and recalled by the council of the Regional Bank upon consulting the chairman of the National Bank of Poland and the chairman of the National Bank. The other members of the board are appointed and recalled by the council of the Regional Bank.

Article 13.1. To coordinate their activities and assure mutual assistance in performing their statutory operations, cooperative banks conclude an association agreement with the bank which they established, pursuant to Article 12, Paragraph 1, and which, with the consent of the Chairman of the National Bank of Poland, performs the functions of the Regional Bank.

13.2. The sites of the Regional Banks are to be located in: Bydgoszcz, Koszalin, Krakow, Lublin, Olsztyn, Poznan, Rzeszow, Warsaw, and Wroclaw.

13.3. Following the sale of shares in the National Bank by the State Treasury, Regional Banks may merge and change their sites and areas of operation.

13.4. With the proviso of Article 31, Paragraph 1, one Regional Bank operates in each region.

13.5. A cooperative bank may be associated only with the Regional Bank sited in the same region.

13.6. The provisions of Paragraph 5 do not apply to the cooperative banks which were on 1 June 1994 and still remain associated with the Economic Bank Wielkopolski SA, in Poznan, the Bank of the Economic Union SA, in Warsaw, and the Economic South-West Bank SA, in Wroclaw, and which declare their intent to remain in these structures.

Article 14.1. The coordinating powers of the Regional Bank vis a vis the cooperative banks associated with it and the guidelines for the management of funds are defined in the present Law and in the association agreement.

14.2. The chairman of the board of the National Bank shall, in cooperation with the chairmen of the boards of the Regional Banks, draft a model regional association agreement subject to approval by the chairman of the National Bank of Poland in consultation with the Minister of Finance. When approving the model agreement, the chairman of the National Bank of Poland shall, in consultation with the Minister of Finance, specify which of its provisions are of a mandatory nature.

Article 15.1. The Regional Bank performs the banking operations defined in the Banking Law to the extent specified in the decision of the chairman of the National Bank of Poland.

15.2. In addition to performing the banking operations referred to in Paragraph 1 the Regional Bank:

1) Handles the outside representation of the cooperative banks associated therein in matters ensuing from the association agreement.

2) Keeps the current and mandatory reserve accounts of the associated cooperative banks, handles interbank clearings, and attends to financial operations on behalf of these banks.

3) Grants, raises, and services loans and credits in and on behalf of the National Bank.

4) Makes available to the associated cooperative banks the funds needed to assure their payments liquidity.

5) Credits and distributes through the mediation of the National Bank the mandatory reserves of the regional association.

6) Handles the provision of mandatory information on the cooperative banks associated therein to the National Bank and the National Bank of Poland.

7) Monitors the consonance of the operations of the cooperative banks associated therein with the law and the statute of the association and the association agreement.

8) When so warranted, it requests the chairman of the National Bank of Poland to apply the instruments provided for in Article 101 of the Banking Law.

9) Handles the organization of legal services for the cooperative banks associated therein.

10) Attends to other activities specified in the association agreement.

15.3. The Regional Bank may grant short-, medium-, and long-term loans and credits as well as loan guarantees and sureties to members of cooperative banks and customers only after the credit committee of the concerned cooperative bank issues a positive recommendation. The Regional Bank may not grant a loan, credit, a loan guarantee, or a surety, despite a positive recommendation from said credit committee if it finds that the attendant bank risk is excessive and may expose the Regional Bank to an operating loss.

15.4. The Regional Bank performs banking supervision of the cooperative banks associated therein under the authorization granted by the chairman of the National Bank of Poland in consultation with the chairman of the board of the National Bank.

Article 16.1. The chairmen of the boards of the cooperative banks associated in a Regional Bank elect from among themselves an association council as a consultative-advisory body, chaired by the chairman of the board of the Regional Bank.

16.2. The specific scope of powers and the procedure for the appointment, recall, and functioning of the council are defined in the association agreement and the statute of the Regional Bank.

Article 17.1. Within the Regional Bank operates a credit committee as an advisory body.

17.2. The composition of the credit committee and its operating procedure are defined by the council of the Regional Bank.

Chapter 4. The National Bank and the National Association

Article 18.1. The shareholders in the National Bank are the Regional Bank and the State Treasury represented by the Minister of Finance.

18.2. Shareholders in the National Bank may also include international financial organizations and domestic or foreign legal entities.

18.3. At the general meeting of shareholders a shareholder in the National Bank has one vote per share owned, with the exception of the shareholders referred to in Paragraph 2, who have no right to vote at the general meeting.

Article 19.1. Regional Banks conclude an association agreement with the National Bank (National Association).

19.2. The coordinating powers of the National Bank vis a vis the Regional Banks associated therein and the rules for the management of funds are defined in the present Law and in the association agreement.

19.3. The chairman of the board of the National Bank shall, upon consulting representatives of the organizations associating the cooperative banks, draft a national association agreement which is subject to approval by the chairman of the National Bank of Poland in consultation with the Minister of Finance.

Article 20.1. Chairmen of the boards of the Regional Banks associated in the National Bank establish an association council as a consultative-advisory body chaired by the chairman of the board of the National Bank.

20.2. The scope of the powers and the operating procedure of the council are defined in the association agreement and in the statute of the National Bank.

Article 21.1. The National Bank exercises its functions on behalf of the national group of cooperative banks referred to in Article 27, Paragraph 1, so as not to compete with the Regional Banks.

21.2. The National Bank may perform banking operations to the extent specified in its statute.

21.3. The specific rules for the operation of the National Bank are defined in its statute and in the association agreement.

Article 22.1. The National Bank, guiding itself by the interests of the Regional Banks associated therein, acts on behalf of these banks and assures coordinated action by the regional associations; in particular, it:

1) Assures the stability of the banking structure and the liquidity of payments of the Regional Banks associated therein and of the cooperative banks associated in the Regional Banks, pursuant to the rules of the association agreements.

2) Handles the current accounts and mandatory reserve accounts of the Regional Banks associated therein and handles interbank clearings for these banks; interbank clearings may also be handled by the Regional Banks in accordance with the guidelines specified in their association agreement with the National Bank.

3) On behalf of the National Association it performs investments and obtains funds on domestic and foreign money markets.

4) Opens foreign branches of the National Bank and handles international financial operations.

5) Fosters the commercial activities of the Association by identifying preferred bank products and handling advertising, marketing, and economic analyses.

6) Develops for the Association banking procedures, computer systems, and a telecommunications network.

7) Monitors the financial situation of the Regional Banks associated therein.

8) Transfers mandatory reserves on behalf of the Regional Banks associated therein to the National Bank of Poland.

9) Organizes a system for the professional training of the employees of the Regional Banks associated therein and of cooperative banks.

10) Represents the associated banks vis a vis the Polish authorities and the international financial institutions.

11) Raises refinancing credit in the National Bank of Poland on behalf of the associated banks.

22.2. The National Bank performs the functions relating to banking supervision of the Regional Banks, within the limits of the authorization thereto granted by the chairman of the National Bank of Poland.

Chapter 5. Financial Management

Article 23.1. The cooperative banks own, with the proviso of Paragraph 3, capital consisting of: share fund, surplus and reserve funds, and other funds specified in their statute.

23.2. A cooperative bank prepares financial statements (balance sheet and profit and loss statement) according to the guidelines provided by the chairman of the National Bank of Poland.

23.3. The capital of a Regional Bank consists of:

1) Share capital, with the contributions by shareholders to be not lower than on the day the bank's name is entered in the Commercial Registry, nor lower than one-fourth of the bank own required equity capital pursuant to the Banking Law, with allowance for the nonmonetary contributions made pursuant to Article 30, Paragraph 6; the time limit for contributing the remainder of the share capital is defined in the statute.

2) Surplus capital, formed from net profits and from other sources ensuing from other provisions.

3) Reserve capital.

23.4. The Regional Bank prepares a consolidated financial statement which comprises the financial statements of the cooperative banks associated therein along with the financial statement of the Regional Bank itself.

23.5. The guidelines for the breakdown of the consolidated profit and loss statement of the Regional Bank among the cooperative banks are defined in the resolution of the general meeting with allowance for the share of individual cooperative banks in the overall profit and loss statement.

23.6. The specific guidelines for preparing the consolidated financial statement of the Regional Association shall be defined, on the request of the chairman of the board of the National Bank, by the chairman of the National Bank of Poland in consultation with the Minister of Finance.

Article 24.1. The current payments liquidity of each member of a Regional Association is guaranteed by all the other members thereof.

24.2. For the period not longer than 31 December 1995 the risks entailed in the claims and obligations of the banks belonging to the Regional Association are borne individually by all of the members.

24.3. The joint and several responsibility for the aforesaid risks is borne by the members of the Association as of the day of consolidation of financial statements.

24.4. The board of a Regional Bank may request the chairman of the National Bank of Poland to extend the deadline referred to in Paragraph 2.

Article 25.1. The norms and limits specified in the Banking Law, and in particular the limits for the concentration of credits and other claims, the norms of liquidity, the norms for underwriting the bank's assets, and the norms of permissible risk in the bank's operations, are established as of the day of the consolidation referred to in Article 24, Paragraph 3, jointly for all the banks belonging to the Regional Association on the basis of the consolidated statements of the Association.

25.2. During the period specified in Article 24, Paragraphs 2 and 4, the norms and limits referred to in Paragraph 1 apply individually to each of the banks belonging to the Regional Association.

Article 26.1. The Regional Bank pays the income tax on legal entities, as due on the income constituting the sum total of the revenues (losses) of the Regional Bank and of the cooperative banks belonging to the Regional Association.

26.2. The Regional Bank and the cooperative banks referred to in Paragraph 1 determine their revenues (losses) pursuant to the Law of 15 February Governing the Income Tax on Legal Entities (DZ.U., No. 106, Item 482, 1993, No. 134, Item 646, 1993; and No. 1, Item 2, and No. 43, Item 163, 1994); the provisions of Article 28 of that law apply correspondingly.

26.3. The provisions of the present Article apply to the taxation of incomes gained starting with the day of the consolidation of financial statements.

Article 27.1. The National Bank, the Regional Banks, and the cooperative banks associated in the Regional Banks, constitute the national group of cooperative banks.

27.2. The financial management of the national group of cooperative banks is based on adherence to the following rules:

1) Short-term funds deposited in cooperative banks, Regional Banks, and the National Bank for periods of less than two years may be allocated for short-term credits and loans maturing within less than two years.

2) Funds deposited in cooperative banks and Regional Banks for periods longer than two years may be allocated for medium- and long-term credits and loans with maturity dates exceeding two years; these funds are, with the caveat of Point 4a), administered by the Regional Bank. Funds deposited in cooperative banks and Regional Banks for periods longer than two years may also be allocated for short-term loans.

3) Surplus short-term funds are invested by the Regional Banks in the National Bank.

4) The funds of the National Association administered by the National Bank consist of:

a) Three-fourths of the funds deposited in the Regional Banks for periods exceeding two years.

b) Surplus short-term funds of the Regional Banks deposited, as mandatory, in the National Bank.

c) Funds deriving from the loans and credits granted by the State Treasury or the National Bank of Poland as well as from bond issues guaranteed by the State Treasury or the National Bank of Poland.

d) Funds deriving from loans and credits raised on the money market.

e) Funds deriving from other operations of the National Bank.

5) The funds referred to in Point 4) are used to grant loans and credits by the Regional Banks and the National Bank.

6) The funds referred to in Points 4a) and 4b) serve to secure the payments liquidity of the Regional Banks associated in the National Bank, and any remaining surpluses of such funds are invested by the National Bank in a manner assuring their safety and profitability.

27.3. The funds of the national group of cooperative banks are cleared within that group according to the prices on the interbank money market.

27.4. The council of the National Bank determines, upon consulting the council of the Association, the development strategy and conditions for the utilization of the funds referred to in Paragraph 2, Point 4).

Article 28.1. Persons who are members of the boards or supervising councils of cooperative banks, or of the boards or councils of the Regional Banks and the National Bank, as well as persons holding executive positions in these banks may not place themselves in conflict-of-interest situations.

28.2. The board members referred to in Paragraph 1 may not participate in other economic entities as owners, partners, board or council members, or paid advisors, if such entities are the bank's customers.

28.3. Persons holding executive positions in the aforesaid banks are construed to be employees directly subordinate to board members, and in particular persons holding the positions of chief accountant, legal advisor, and department director.

Chapter 6. Interim Provisions

Article 29.1. The Food Industry Bank is to be reorganized, by virtue of the present Law, within 30 days from the effective date of the present Law, into a joint-stock company kind of bank having the appellation "Bank Gospodarki Zywnosciowej Spolka Akcyjna" [Food Industry Bank, Inc.], with its main office in Warsaw, hereafter referred to as "BGZ SA" [BGZ, Inc.]. Its shareholders are cooperative banks and the State Treasury.

29.2. BGZ SA acts as the National Bank.

29.3. The share fund of the Food Industry Bank becomes the share capital of BGZ SA after the following shares are deducted therefrom:

1) Shares of the cooperative banks which, within 15 days from the effective date of the present Law, do not declare the intent to participate in BGZ SA as shareholders.

2) Shares of the cooperative banks which, after 19 December 1991, had withdrawn from the state-cooperative Food Industry Bank, were excluded therefrom, or were deleted from the membership roster.

29.4. The shares of the cooperative banks which did not declare the intent to participate in the BGZ SA company as well as the shares of the cooperative banks which, after 19 December 1991, had withdrawn from the state-cooperative Food Industry Bank, were excluded therefrom, or were deleted from the membership roster, are subject to being returned by 30 November 1994. Said shares are not governed by the restrictions ensuing from Article 5, Paragraph 1, of the Law of 30 August 1991 Governing the Revaluation of Member Shares in Cooperatives and the Amending of Certain Laws (DZ.U., No. 83, Item 373, 1991, and No. 18, Item 74, and No. 80, Item 406, 1992).

29.5. Shares in the state-cooperative Food Industry Bank owned by the cooperative banks and the State Treasury on the day of reorganization [into BGZ SA] are, by virtue of the present Law, exchangeable for shares in BGZ SA in such a manner that the existing owners of shares with a specific par value constituting a specific fraction of the share fund of the state-cooperative bank become owners of shares constituting the same fraction of the share capital of BGZ SA. The number and par value of the BGZ SA shares owned by the individual cooperative banks and the State Treasury are defined in the statute of BGZ SA.

29.6. On the day of reorganization of the state-cooperative Food Industry Bank into BGZ SA its surplus fund becomes the surplus capital of BGZ SA. The remaining funds of the Food Industry Bank become other forms of capital of BGZ SA pursuant to its statute.

29.7. BGZ SA takes over the duties of the state-cooperative Food Industry Bank regarding the administration of centralized funds of cooperative banks until their owners decide on how these funds are to be managed.

29.8. The closing balance of the state-cooperative Food Industry Bank becomes the opening balance of BGZ SA.

29.9. The Minister of Finance shall, upon consulting the chairman of the National Bank of Poland, appoint the first governing board and the first council of the BGZ SA bank and confer a statute on that bank. The Minister of Finance shall exercise all the rights of the general meeting of shareholders during the first six months after the bank's appellation is entered in the Commercial Registry.

29.10. The Minister of Finance shall appoint among members of the bank's first council four representatives of Regional Banks elected by chairmen of the councils of the Regional Banks associated in BGZ SA. In the event that said representatives are not elected, the Minister of Finance shall appoint other persons to membership in said council.

29.11. To the extent not regulated by the present Law the provisions of the Banking Law apply to the reorganization of the Food Industry Bank.

29.12. The bank's governing board, appointed by the procedure specified in Paragraph 9, shall register the bank as a company in the appropriate court of registry.

29.13. Until its reorganization the Food Industry Bank shall continue to operate pursuant to existing regulations, and until the day of appointment of the council and governing board of BGZ SA the existing governing board and National Council of the Food Industry Bank shall continue to exercise their functions.

Article 30.1. Cooperative banks shall, with the caveat of Article 13, Paragraph 6, not later than five months from the effective date of the present Law, form Regional Banks in the form of joint-stock companies.

30.2. The boundaries of the regions shall be determined by the charter committees of the newly established Regional Banks in consultation with the chairman of the National Bank of Poland and the Minister of Finance.

30.3. If the boundaries of regions referred to in Paragraph 2 are not established by 31 October 1994, these boundaries shall be defined by the chairman of the National Bank of Poland in consultation with the Minister of Finance by 30 November 1994.

30.4. The chairman of the Governing Board of BGZ SA shall appoint representatives in charge of providing assistance to the organization of the Regional Banks.

30.5. The chairman of the governing board of the Regional Bank, appointed by the procedure specified in Article 12, Paragraph 5, shall have the bank registered as a joint-stock company in the appropriate court of registry.

30.6. The Regional Banks shall be established upon utilizing part of the assets of BGZ SA contributed in the form of nonmonetary shares.

30.7. The chairman of the National Bank of Poland in consultation with the Minister of Finance shall, upon the request of the chairman of the Governing Board of BGZ SA, confer the first statutes on the newly established Regional Banks.

Article 31.1. The Economic Bank Wielkopolski SA in Poznan, the Bank of the Economic Union SA in Warsaw, and the Economic South-West Bank SA in Wroclaw may associate themselves with the National Bank not later than by 31 October 1994, thereby becoming Regional Banks that associate cooperative banks as construed by the provisions of the present Law.

31.2. The banks referred to in Paragraph 1 shall, in the event that they join the National Association, adapt their statutes and operating procedures to the provisions of the present Law not later than by 31 December 1994 and the composition of their shareholders not later than by 31 December 1995.

Article 32.1. The cooperative banks existing on the effective date of the present Law shall conclude by 31 December 1994 association agreements with the locally proper Regional Banks.

32.2. The cooperative banks referred to in Paragraph 1 shall by 31 December 1994 adapt their statutes to the requirements of the present Law.

32.3. The Regional Banks shall conclude by 31 December 1994 an association agreement with the National Bank.

Article 33. The Council of Ministers shall issue an executive order defining the terms for the transfer, by BGZ SA, of assets to the Regional Banks.

Article 34.1. The consolidation of the financial statements of cooperative banks and Regional Banks referred to in Article 23 shall take place not later than by 31 December 1995. A consolidated financial statement is prepared on the basis of the financial statements of the cooperative banks and Regional Banks.

34.2. On the request of a Regional Bank the chairman of the National Bank of Poland in consultation with the Minister of Finance may consent to postpone the deadline referred to in Paragraph 1.

34.3. The obligations of an associated cooperative bank that are not disclosed in its balance sheet, and in particular the sureties and loan guarantees it has provided, are, by virtue of law, transferred to the proper Regional Bank on the day of consolidation.

34.4. A bank's obligations that are disclosed neither in its balance sheet nor in its records expire, by virtue of law, in the event that they are not reported to the cooperative banks by creditors within three months from the effective date of the present Law.

Article 35.1. Cooperative banks form an auditing union.

35.2. Membership of cooperative banks in auditing unions is mandatory.

Article 36. The shares of BGZ SA which, pursuant to Article 29, Paragraph 5, of the present Law, constitute the property of the cooperative banks, become by virtue of law the shares of the Regional Banks on the day these are entered in the Commercial Registry, in exchange for the shares in these Regional Banks allotted to the cooperative banks.

Article 37.1. With the caveat of Paragraph 2, BGZ SA shares owned by the State Treasury are to be sold by an agency representing the State Treasury within not more than five years from the effective date of the present Law to those Regional Banks associated in BGZ SA which augment their operating capital, in direct proportion to the extent of that augmentation.

37.2. Making available for sale the shares referred to in Paragraph 1 shall occur on condition that BGZ SA cover 8 percent with its own capital, and the Regional Bank correspondingly cover 6 percent, the at-risk assets of the bank, in accordance with the norm established by the chairman of the National Bank of Poland, pursuant to Article 100, Paragraph 5, Point 1), of the Banking Law.

Article 38.1. BGZ SA and the Regional Banks shall establish by 31 December 1995 a joint loan-guarantee fund with the object of providing reimbursable financial assistance to the associated cooperative banks and Regional Banks.

38.2. The loan-guarantee fund is formed from the annual payments contributed by the Regional Bank and BGZ SA in an amount not exceeding 5 percent of the income-tax taxation base. These payments reduce correspondingly the income-tax taxation base.

Article 39.1. Within a month from the registration of BGZ SA the Minister of Finance shall transfer thereto, on behalf of the State Treasury, restructuring bonds pursuant to the 1994 Budget Law of 25 March 1994 (DZ.U., No. 52, Item 209), to be assigned for augmenting operating capital and reserves.

39.2. Part of the restructuring bonds transferred to BGZ SA by the Minister of Finance pursuant to Article 5 of the 1994 Budget Law shall be, pursuant to the guidelines of Chapter 5 of the Law of 3 February 1993 Governing the Financial Restructuring of Banks and Enterprises as well as Amendments to Certain Laws (DZ.U., No. 18, Item 82), transferred by BGZ SA to the Regional Banks associated therein for restructuring the claims of the cooperative banks associated in these banks, by the procedure and to the extent defined by the Minister of Finance. The Minister of Finance shall, upon the request of the chairman of the Governing Board of BGZ SA, issue an executive order defining the proportions of the distribution of these funds.

39.3. The banks referred to in Paragraph 2 are correspondingly governed by the provisions of the Law on the Financial Restructuring of Banks and Enterprises, with the proviso that Article 52, Paragraph 2, Point 1), of said Law does not apply to the Regional Banks established on the basis of BGZ SA assets.

39.4. Some of the funds shall be, within the scope of the amounts envisaged in the Assumptions of Monetary Policy for 1994 for the financial recovery of banks, allocated for the restructuring of the cooperative banks and Regional Banks referred to in Article 12, Paragraph 1.

39.5. Outside funds, including those envisaged in international agreements, may be used for the purposes referred to in Paragraph 4.

39.6. BGZ SA and the Regional Banks shall establish, by 31 December 1995, a mortgage fund with the object of providing the associated banks with long-term funds secured by up to 60 percent of the value of the mortgages. The sources of financing of that fund shall be identified by the chairman of the National Bank of Poland in consultation with the Minister of Finance.

39.7. The loan-guarantee fund and the mortgage fund are administered by BGZ SA. Detailed guidelines for the establishment of these funds and requirements for utilizing their monies shall be defined in the association agreement between the Regional Banks and BGZ SA.

39.8. Not later than within a year from the effective date of the present Law the cooperative banks, the Regional Banks, and BGZ SA shall agree upon and begin to use a uniform appellation and logo.

39.9. The cooperative banks associated in the Regional Banks which adapt their statutes and operations to the requirements defined in the provisions of the present Law shall assign in 1995 at least 75 percent of their pre-tax income for augmenting their surplus funds.

Chapter 7. Amendments to Existing Laws

Article 40. In the Law of 31 January 1989—Banking Law (DZ.U., No. 72, Item 359, 1992, and No.6, Item 29, No. 28, Item 127, and No. 134, Item 646, 1993) the following amendments are incorporated:

1) In Article 35:

a) Paragraph 5 is amended:

"35.5. The operating funds of the banks referred to in Paragraphs 1-3 are constituted by:

"1) In a state bank—the statutory fund, the reserve fund, and the surplus fund.

"2) In an incorporated bank—the share capital, the reserve fund, and the surplus fund.

"3) In a Regional Bank associating cooperative banks pursuant to the Law of 24 Jun3 1994 Governing the Restructuring of Cooperative Banks and the Food Industry Bank as well as Amendments to Certain Laws (DZ.U., No. 80, Item 369): share capital, surplus capital, and reserve capital, as established pursuant to Article 23, Paragraph 3, and Article 30, Paragraph 6, of the Law.

"4) In cooperative banks, both those non-associated and those for which mutual association is mandatory, as referred to in Article 1, Paragraph 3, and Article 3 of the law referred to in Point 3)—the share fund, the surplus fund, and the reserve fund.

"5) Other funds credited by the chairman of the National Bank of Poland to operating funds."

b) In Paragraph 6, Article 35, the following Point 4) is added:

"4) It will credit a specific part of the additional amount for which members are responsible, but not less than 50 percent, referred to in Article 7, Paragraph 2, of the Law on Restructuring the Cooperative Banks and the Food Industry Bank as well as Amendments to Certain Laws, to the operating capital of the cooperative banks. The procedure and requirements for such crediting shall be determined by the chairman of the National Bank of Poland."

2) In Article 49:

a) The following Point 2) is added:

"2) By virtue of the savings deposits accumulated in the National Bank and in the Regional Banks associating cooperative banks, pursuant to the provisions of the Law on the Restructuring of the Cooperative Banks and the Food Industry Bank as well as Amendments to Certain Laws, and the cooperative banks formed after 10 February 1989 and associated on the terms defined in that law."

b) The previous Point 2) is now designated Point 3).

3) Article 86.7 is amended as follows:

"**Article 86.7.** For the notarial activities relating to the reorganization of a state bank or a state-cooperative bank and the establishment of a Regional Bank associating cooperative banks by the procedure defined in the Law on the Restructuring of the Cooperative Banks and the Food Industry Bank as well as Amendments to Certain Laws, the notarial bureau charges a fixed notarial fee specified in an executive order of the Minister of Justice."

4) Article 116.1 is deleted.

Article 41. In the Law of 31 January 1989 Governing the National Bank of Poland (DZ.U., No. 72, Item 360, 1992; No. 6, Item 29, 1993; and No. 1, Item 2, 1994) the following amendments are incorporated:

1) In Article 30 Paragraph 4 is revised as follows:

"30.4. The chairman of the National Bank of Poland may exempt a bank from the obligation of setting aside the mandatory reserve during the period of implementing a program for economic recovery."

2) In Article 31 Paragraph 2, Point 2) is revised as follows:

"2) Establishes the guidelines and procedure for setting aside and utilizing mandatory reserves and defines the kinds of bank accounts to which the obligation of setting aside reserves does not apply, and furthermore it can specify the amount of the cash reserve whose maintenance by the bank will be regarded as tantamount to allocation for the reserve account."

3) In Article 47, Paragraph 4, Point 2), the period at the end is replaced with a comma and the following Point 3) is added:

"3) Recommend to the National Bank and the Regional Banks the performance of specific activities relating to the monitoring of banking activity referred to in the Law of 24 June 1994 Governing the Restructuring of the Cooperative Banks and the Food Industry Bank as well as Amendments to Certain Laws (DZ.U., No. 80, Item 369)."

Article 42. In the Law of 29 September 1990 Governing Amendments to the Law on Land Management and Real Estate Expropriation (DZ.U., No. 79, Item 464, 1990; No. 83, Item 373, 1991; No. 91, Item 455, 1992; and No. 51, Item 201, 1994), following Article 2e, the following Article 2f is added:

"**Article 2f.** The provisions of Article 2, Paragraphs 1-3, 6, and 9, and Articles 2b and 2d of the present Law apply correspondingly to the Food Industry Bank."

Article 43. In the Law of 29 December 1993 Governing the Establishment of the Agricultural Restructuring and Modernization Agency (DZ.U., No. 1, Item 2, 1994 [as published]) the following Point 4) is added to Article 3, Paragraph 2:

"4) The redemption of the bonds of the Regional Banks referred to in the Law of 24 June 1994 on the Restructuring of the Cooperative Banks and the Food Industry Bank as well as Amendments to Certain Laws (DZ.U., No. 80, Item 369), issued with the object of restructuring the loan amounts due the cooperative banks associated in these Regional Banks."

Chapter 8. Final Provisions

Article 44. The Minister of Finance shall, in consultation with the chairman of the National Bank of Poland, submit to the Sejm semiannual reports on the implementation of the present Law.

Article 45. The present Law takes effect 30 days from the date of its publication, with the exception of Article 28 which takes effect three months from the effective date of the present Law.

President of the Republic of Poland: L. Walesa.

Editorial Links Iliescu Message to Clinton Visit

AU2009064594 Bucharest EVENIMENTUL ZILEI in Romanian 14 Sep 94 p 1

[Editorial by Ion Cristoiu: "The Presidential Message"]

[Text] Two years ago, when commenting on Ion Iliescu's message to the parliament on his investiture in office, I did not disguise a certain pleasant surprise about it. Ion Iliescu founded his electoral campaign on a seething criticism of reform as practiced by the former Roman and Stolojan governments. Arguing with the FSN [National Salvation Front] group that separated from him, following the program of his major adversary Emil Constantinescu [president of the CDR—Democratic Convention of Romania], Ion Iliescu revealed a violently populist political-economic platform, with some left-wing nuances. The implementation of the pledges that he made during the election campaign would have meant nothing except the installation of socialism with a human face in Romania. This platform brought him his electoral victory. During the campaign, Emil Constantinescu, the CDR representative, pleaded for firm and decisive reform and for Romania's orientation toward the West. Ion Iliescu won the elections. His opponent lost. All of us were sure that the "reelected one," as Iliescu was called in humorous texts and comic strips in various publications, would use the opportunity of his investiture to affirm with even greater energy his left-wing ideas, energy that—we thought—stemmed from his electoral victory. However, the message to parliament decisively urged reform and democracy, and for Romania's integration into North Atlantic structures. This message was read out by Ion Iliescu. However, it seemed to have been written by Emil Constantinescu, because of the multitude of right-wing ideas included in it, all taken from the electoral platform of the CDR candidate.

The message presented yesterday to the joint meeting of the two chambers of parliament should have afforded us a greater and more pleasant surprise. Compared with the document presented two years ago, this time the message really drifted to the right. This time it seems that it was not written by Emil Constantinescu (because the platform of the CDR president still shows a certain feeling of social-democratic gentleness toward the many), but by Dinu Patriciu [member of Liberal Party '93 leadership], the promoter of a fierce liberalism, who will not forgive anything that crosses his path. Thus, the entire message is a true ode to large-scale privatization. Nicolae Ceausescu used to connect the golden future of the country with the attainment of comprehensively developed socialism. Ion Iliescu sees the condition for the future of the country as the implementation of large-scale privatization. Every time this concept arises, the message cannot hide its pathetic nature. The president believes that "Romanian society links its justified hopes with the implementation of large-scale privatization. He identifies large-scale privatization—just like the reform, in fact—as elements of a historical law. Something that has seldom been encountered in presidential speeches so far, Ion Iliescu felt the need to address a moving appeal to businessmen: "I invite Romanian and foreign businessmen to rely on Romania's economic future and we, in our capacity as politicians, should offer guarantees to this future." However, pleading for privatization will want to be part of a broader concept regarding the country's destiny. According to the message: "The consolidation of democracy and the market economy represents the only way efficiently to serve the fundamental interests of our country." From this point of view, for the first time since December 1989, Iliescu has the determination to state, categorically and without any hesitation, the need to disengage from the recent past, by which he certainly means the communist past.

Nevertheless, I will not write about the message as I used to two years ago, that is with enthusiasm. Two years ago, shortly after the document was read out in the parliament, Ion Iliescu made some gestures and declarations that violently contradicted the message. Considering that they were made in a less official framework, it was clear to me that they expressed Ion Iliescu's political-economic concept with much greater sincerity than his message. Presidential policy after the investiture ceremony completely lacked the determination for reform and democracy that the message announced. It is possible that this will also be repeated in the case of the document that was presented yesterday in parliament. It cannot be ruled out that his pleas in favor of reform, democracy, and large- scale privatization are being cunningly issued because of the intensive negotiations that are taking place to achieve the much-dreamt-about meeting with President Clinton. I might be mistaken. The president might be sincere. But, in order to avoid being tricked again, as happened two years ago, I prefer to be suspicious. Let us proceed with privatization, and then we shall see what happens next!

Armenian President Begins Visit 19 Sep

NC2009151194 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0643 GMT 20 Sep 94

[Text] Bucharest ("LRAGIR" daily), 09/20/94—Levon Ter-Petrosyan's official visit to Romania, first UN member-country which recognized independence of Armenia, started yesterday.

RA [Republic of Armenia] President is accompanied by his wife Liudmila Ter-Petrosyan, RA Foreign Minister Vahan Papazyan, Minister of Economy Armen Yegiazaryan, Acting Chairman of the State Department of

Defense Davit Shakhnazaryan, Chairman of ARMENPRES Ashot Andinyan, other employees of the Foreign Ministry and journalists.

A one-hour meeting was held between Levon Ter-Petrosyan and the President of Romania Ion Iliescu in the Potrochen palace of Bucharest. According to Presidential Press Secretary Levon Zurabyan, problems of political and economical collaboration between the two sides were discussed and positions of Armenia and Romania on resolution of conflicts in Transcaucasia and in Balkans were presented.

A meeting with the Romanian Prime Minister Nicolae Vacaroiu has been organized, where problems of economic collaboration have been discussed. They resulted in a number of agreements which are to be signed today.

Meetings with the Chairman of the Romanian Senate Oliviu Gherman and the Chairman of the House of Representatives Adrian Nastase are also planned today. The delegation will meet the representatives of Armenian community in Romania and return to Yerevan in the evening.

Pascu: Secret Plans To Curb Ethnic Violence

AU1909153694 Bucharest EVENIMENTUL ZILEI in Romanian 17 Sep 94 p 4

[Report by Doru Dragomir: "Defense Ministry Secretary Mircea Pascu Reveals the Existence of Secret Plans To Respond to Possible Violence Unleashed by Ethnic Minorities"]

[Text] In his speech made yesterday at the [15-16 Sep] parliamentary colloquium on Central Europe and Its Ethnic Minorities, National Defense State Secretary Mircea Pascu stated that the Armed Forces have to take into account possible violent demonstrations by ethnic minorities and separatist actions that these could initiate. That is why the Ministry of National Defense has developed secret plans to respond to violent demonstrations at the request of the state's political leadership. It is quite sensible to reveal the existence of such secret plans, the Defense Ministry state secretary said, because this could have a positive effect on the extremists by making them reflect longer over the positions they take.

Mircea Pascu also asserted that the ethnic minorities could create a climate favorable to being granted the rights that they are demanding solely by pledging total loyalty to the Romanian state.

'Joint Aggressors' Shell Bihac Area Overnight

AU2009093494 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 20 Sep 94

[Report by Mirza Sadikovic]

[Text] The joint aggressors have continued their attacks on the free territory of Bihac. Karadzic's chetniks shelled the defenders' Buzim and Bosanska Krupa front lines all night last night. The attacks on civilian settlements in the Bosanska Otoka and Bosanska Krupa areas also continued. The attacks on Ljustina, Vrletnica, Voloder, and (?Jezerski) are particularly fierce. More material damage has been caused to civilian property. According to still unconfirmed reports, several civilians were wounded.

Despite the bad weather, Karadzic's chetniks are trying to breach the defenders' lines on the Grmusko-Srbljanski plateau and in the Bihac area of the front, where they carried out attacks with 82-mm and 120-mm mortars overnight and this morning.

Provocations and indiscriminate shelling of the border areas also continued in the Velika Kladusa region. Additional (?mobilization) of Martic's chetniks is under way. According to the statements of several persons who returned from the Batnoga and Turanj camps, Martic's chetniks are intensifying the mobilization of former members of Abdic's paramilitary.

Testimonies about life there are incredible. Let us also say that representatives of the 5th Corps of the Army of Bosnia-Herzegovina Command and civilian authorities in the Bihac region yesterday [word indistinct] analyzed the course of the chetnik offensive so far on this part of the country.

Infantry Attacks on Tesanj-Teslic Front Continue

AU2009105294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 20 Sep 94

[Text] The aggressor's infantry attacks on the Tesanj-Teslic front lasted all night and continued this morning, the Information Center of the 7-South Operations Group reports.

[Unidentified correspondent] The chetniks are still shelling the settlements around (?Teslic), especially [word indistinct] Polje, Mrkotici, and [word indistinct]. On the Doboj front, the enemy launched several unsuccessful artillery-infantry attacks. The joint units of the 7-South Operations Group are successfully resisting all these chetnik attacks. Fairly large enemy movements of armored vehicles and personnel from Doboj toward Ozren have also been observed.

Defenders Repel Serb Attack on Vozuca Front

AU2009085594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 20 Sep 94

[Report by unidentified reporter from the 3d Corps Press Center]

[Excerpt] Despite the fact that they suffered huge losses on the Vozuca front, the chetnik strategists have not stopped their attacks on the Zavidovici front. At about 2000 [1800 GMT] last night, they launched yet another infantry attack, but our defenders repelled it. Of course, after they failed, they resorted to mortars of all caliber with which they pounded the region of [word indistinct] and Jelovak, but without any serious consequences for our defense lines. [passage omitted]

Muslim Forces Attack Serbs in Southern Bosnia

LD1909200394 Belgrade TANJUG in English 1951 GMT 19 Sep 94

[Text] Bileca, Sept. 19 (TANJUG)—Muslim forces attacked Bosnian Serb army positions in southern Bosnia-Herzegovina with rockets, artillery and mortar shells on Monday morning, Bosnian Serb army sources said.

The shellings were directed at positions between the major city of Mostar and the town of Nevesinje, 25 km to the southeast, the source added.

Muslims also attacked the Serb village of Glavaticevo, 30 km northeast of Mostar, from multiple rocket launchers, and the Bosnian Serb army repulsed several powerful Muslim infantry onslaughts in the area, the source said.

United Nations Protection Force spokeswoman in Sarajevo Claire Grimes on Monday accused Muslim forces of attacking in the Sarajevo area, the Bosnian Serb SRNA news agency said.

On Sunday, Muslims hit an UNPROFOR vehicle in Trebevic, near Sarajevo, and shelled from artillery weapons an UNPROFOR outpost in the village of Poljine north of the city, SRNA quotes Bosnian Serb army sources as saying.

Serbs Fire Missiles at Zvornik Front Villages

AU1909182094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Report by Nijaz Banjanovic from Zvornik]

[Text] This afternoon, the chetniks from their stronghold in Pecina fired five Maljutka guided missiles at Sapna and Kraljevici. At the same time, they used 60-mm mortars to shell the positions of the 206th Chivalrous Brigade, while a tank from Zadrovici pounded civilian targets in Vitinica and Kovacevici. The shelling went on for some hours. A seven-year-old boy was injured and residential buildings suffered fresh damage. All our defense lines remain strong and stable.

Serbs Build Up; Tank Guns Trained on Sarajevo

AU1909185994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Text] The 1st Corps Information Service reports that, although enemy combat activity has abated in comparison with last night's attacks in the Sarajevo exclusion zone, the aggressor has nevertheless continued to concentrate manpower and hardware around the city. The chetniks moved two tanks into the region of (?Titine Stijene) on Mt. Trebevic and Gornji Biosk and have trained their barrels on our capital. Moreover, hurried movements of enemy military vehicles have been reported at the access points to the city, which are under the aggressor's temporary control. All this implies the aggressor's future intentions as regards the strangulation of Sarajevo.

Muslims, Serbs Agree To UN Observation Post

LD1909182394 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 19 Sep 94

[Excerpt] Representatives of the army of the Serb republic in Bosnia-Herzegovina and of the Muslim army today agreed—after two hours of talks at Sarajevo airport—to the setting up of a UN observation post at the site of yesterday's fiercest clashes in the Grdonj region of Sarajevo.

Lieutenant Colonel Tim Spicer, UNPROFOR [UN Protection Forces] spokesman, assessed after the meeting that this agreement represented the first sign of the relaxation of tensions in the Sarajevo region. [passage omitted]

Serbs Claim Muslims in Sarajevo Area 'Defeated'

LD1909182294 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 19 Sep 94

[Text] What really happened in the Sarajevo battlefield exclusion zone last night and this morning?

[Unidentified correspondent] The temporarily captured positions in the Mrkovici area on the Sarajevo battlefield were regained early this morning in a coordinated counterattack by the fighters of the 1st Romanija Brigade and the 3d Sarajevo Brigade of the Serb republic army. The enemy forces were completely defeated and withdrew from the positions in disarray, having suffered huge losses in manpower. Two fighters were killed and five were wounded on the Serb side.

Sarajevo Remains Without Power; Talks Postponed

AU2009082894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 20 Sep 94

[Text] The negotiations with the aggressor side scheduled for today have been (?postponed) until Wednesday [21 September], and therefore Sarajevo remains without electricity.

Army Statement on 'Irresponsible' UN General

AU1909193694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Text] In connection with General Michael Rose's public statements pertaining to the incidents that occurred in Sarajevo on 18 September, the Bosnia-Herzegovina Army Supreme Command Headquarters has issued a statement for the public.

On 18 September the Serbian aggressor's units continually targeted Sarajevo from Spicasta Stijena, from which 43 citizens of Sarajevo have been shot dead so far, while many more have been injured. Four civilians were wounded from this position yesterday. This provoked our troops' into a spontaneous reaction and they returned the Serbian aggressor's fire.

Gen. Rose's hasty public statement is all the more surprising because 12 protests were filed with the UN Command between 19 August and 18 September. The protests warned of the Serbian aggressor's activities within the Sarajevo exclusion zone. Gen. Rose and the UN command for Bosnia-Herzegovina did not respond to a single one of these protests. The protests list concrete data chronicling the Serbian aggressor's activities from within and against the Sarajevo exclusion zone, where in one day alone several thousand shells were fired at locations south and southeast of Sarajevo—the region in and around Breza. All these protests listed concrete information and the coordinates of the positions from which the Serbian aggressor fired. All this shows that, in his public statement, Gen. Rose—in addition to his unsubstantiated accusations about the Bosnia-Herzegovina Army—has ignored the aggressor's attacks on the population within the Sarajevo exclusion zone during the past month, reads the statement of the Bosnia-Herzegovina Army Supreme Command Headquarters.

In spite of all this, the UN Command for Bosnia-Herzegovina has allowed the aggressor to continue to strangle the Sarajevo protected zone in the most unscrupulous manner by cutting off the blue route established by a UN Security Council resolution and by savagely attacking the Mt. Igman road and killing one UN soldier. Sarajevo is currently without electricity, water, and natural gas. Meanwhile, the aggressor has stationed artillery pieces that are not under the UN Protection Force's control, on the surrounding hills. Because of all this, Gen. Rose's threats against the Bosnia-Herzegovina Army seem sarcastic and irresponsible. By ignoring the flagrant violation of the UN Security Council's positive resolutions and condemning the Bosnia-Herzegovina Army for the fighting in Sarajevo, Gen. Rose accepts the aggressor's use of force as legitimate, even within the exclusion zone, which means that he sanctions and accepts even the most flagrant violation of UN resolutions in Sarajevo. The Supreme Command Headquarters in the future expects a timely reaction from Gen. Rose to the Serbian aggressor's obvious activities as reported by the observers under Gen. Rose's command, reads the statement issued by the Bosnia-Herzegovina Army Supreme Command Headquarters.

Sarajevo Mayor Urges Implementing Resolution 900

AU1909213894 Vienna ORF Television Network in German 2015 GMT 19 Sep 94

[Interview with Sarajevo Mayor Tarik Kupusovic by an unidentified correspondent in the ORF studio in Vienna—live; Kupusovic answers in English with simultaneous German translation]

[Text] [Correspondent] Good evening, Mr. Mayor.

[Kupusovic] Good evening.

[Correspondent] Mr. Mayor, whenever the Muslims start operations—for example, the recent interruption of the Serbian supply lines—the civilian population suffers. Is this attempt to reconquer lost ground the right way?

[Kupusovic] First of all, the terminology is not correct. They are not Muslims, but the Bosnian Army. In the Bosnian Army, there are also Serbs and Croats, not just Muslims. Second, the point is not only the Serbs. There are approximately 60,000 Serbs in Sarajevo. The Karadzic Serbs are the aggressors.

There have been some actions on the part of the Bosnian Army in Konic, 50 km from Sarajevo. A territory of approximately 100 square km was taken by the Bosnian Army. In response to this, the Karadzic Serbs interrupted the electricity, gas, and water supply for Sarajevo.

I phoned Sarajevo today and heard that there were some actions around Sarajevo on the part of the Bosnians, on the part of the Karadzic Serbs. The Bosnian Army must, of course, react to this attack.

[Correspondent] Regarding relief shipments, Bosnian newspapers very often speak about corruption. We wonder how it is possible that the large city bakery has no flour, even though bread appears on the black market. Does the city administration have the situation under control at all?

[Kupusovic] Of course, there are some cases of corruption. I cannot say that there is no corruption. However, most cases of corruption emerged when the food shipments arrived in Bosnia. Foodstuffs were available in Sarajevo in July and August when the supply lines were open. But there was no humanitarian aid. They were just shipments coming from the EC, from Zagreb, and Italy, and the prices were very low—low, considering the situation in Sarajevo, a little higher than in Zagreb or in Vienna.

Now that these supply lines have been cut, the prices are very high. Our police have inspected the market and have found that no more than 5 percent of the foodstuffs come from humanitarian aid. They come from Split and other places. In Sarajevo, there are now no foodstuffs. There are only people who exchange foodstuffs that they have for cigarettes or things that are locally available in the city.

[Correspondent] Mr. Mayor, you said there are occasional cases of corruption. Do you not believe that the solidarity that marked Sarajevo at the beginning of the war, the solidarity of the people, which was in fact exemplary, is now gradually crumbling, since the population is realizing that they apparently are only the hostages of war profiteers?

[Kupusovic] The atmosphere in Sarajevo is now marked by bitter disappointment regarding the implementation of Resolution 900. This is an action plan for the reconstruction of the infrastructure, the supply facilities, and the city as such. Quite a number of projects were started on paper, but they have not been put into practice.

Not a ton, not a truck, not a train, not a single airplane with the necessary material for the necessary reconstruction of the city, for the restoration of gas, water, or electricity supply can get into the city because there is a total blockade, a siege. In addition, there are also problems regarding the availability of the donations. This, too, exists only on paper, not in reality.

Tomorrow, a large conference of the donor countries will take place in Vienna, at which a million [currency not specified] or even higher sums are involved. We will discuss these problems, the coordination of the measures on the part of the international community and on our part. The main problem is this: Even if we have millions of U.S. dollars, it is impossible to start reconstructing the city if it is besieged.

We will urge the implementation of the resolution by the letter. This means that the relief supplies, the necessary materials for the restoration of the supply facilities must get into the city without any conditions on the part of the Karadzic Serbs.

[Correspondent] Mr. Mayor, thank you for coming to our studio. Good evening.

[Kupusovic] Thank you very much for having asked me to be your guest.

General on Serb Attacks From Occupied Croatia

LD1909230294 Zagreb HTV Television in Serbo-Croatian 2115 GMT 19 Sep 94

[Telephone interview with General Atif Dudakovic, commander of the 5th Corps of the Bosnia-Herzegovina Army, by unidentified correspondent—live]

[Excerpt] [Correspondent] General Dudakovic, good evening. We are glad that despite some difficulties we have managed to establish this phone line.

[Dudakovic] Good evening. I am in Bihac and I can tell you that there was another day of war today. Today again, chetniks fired artillery on our defense lines, which remained stable. True, today the attacks were not as heavy as over the past few days.

[Correspondent] Could you explain to us what you mean when you say chetniks. Are we talking about units of the Serb Army of the Bosnian Serbs and the Serbs from the so-called Krajina?

[Dudakovic] Yes, that is right. After the collapse of Fikret Abdic's autonomy, a strong offensive was launched on our territory in a coordinated action by the chetniks from Bosnia and the UN protected areas, or rather, the occupied Croatian area. That offensive was commanded personally by Gen. Ratko Mladic and the attack was launched by units of the 1st and 2d Krajina Corps and the 6th Banija Corps.

[Correspondent] Could you tell us when the offensive started and how many casualties you think there have been on the Serb side and among your men?

[Dudakovic] When we took control of the Velika Kladusa area, (?five days) after they had suffered a political and military defeat, both Abdic's autonomists and their assistants, the chetniks from the Serb Krajina, the 3d Banija Corps, or more precisely its 24th Petrinja Brigade, launched a powerful attack in the direction of Bosanska Bojna-(Vrlograd).

However, our forces launched a counterattack and we put out of action more than 30 chetniks from Krajina and captured even more. The Krajina chetniks suffered the first military defeat on our territory. Four days later chetniks from Bosnia, commanded by Gen. Mladic, amassed their troops in the area of Bosanski Novi, Dvor, and (Zilovac). A heavy offensive was launched on 5 September from Krajina and Bosanski Novi toward Otoka and Krupa, and on the Grabez plateau. That offensive was the largest so far, but we managed to outmaneuver them and launch a counterattack on the main body of their forces, commanded by Ratko Mladic personally. So, the chetniks suffered a defeat in the area and their coordinated action, their joint forces—and that was not the first time they mounted such an operation—suffered a defeat at the hands of the 5th Corps. [Words indistinct] is continuing. But their worst defeat occurred on 12 September.

[Correspondent] During the course of what you term as their defeat, you almost got as far as Ratko Mladic's headquarters, as I understand.

[Dudakovic] Well, it is true. Gen. Mladic's was in the village of Majdan, that is, in the territory of the Republic of Croatia. Their artillery, belonging to the 6th Banija Corps, and their other forces were concentrated along the Una river valley. By intercepting their communications we found out that Mladic was often there. Our reconnaissance units, too, had spotted him. When their offensive was launched most of their forces were advancing toward Majdan, Radoc, Buzim. Thus, we noticed their concentration and the way their units were being deployed. It is true that Gen. Mladic was there, on the spot. Later on, this was borne out by his documents we seized.

[Correspondent] Is there any likelihood of Mladic being wounded or of anything else happening to him? Why, he was supposed to turn up at a meeting in Sarajevo but he ultimately failed to do so. A UNPROFOR [UN Protection Forces] representative said that they had not seen him or heard from him for quite a while.

[Dudakovic] Well, I tell you what, according to the Serb soldiers we have captured, there is a considerable number of them. They had set up a strong formation by combining four brigades of the 1st Krajina Corps. The second line included the court brigade, i.e. the 6th Banija Corps. According to the soldiers, that morning on 12 September Mladic was personally conducting this operation from among his soldiers. We have reliable reports that he was there. For a while he was even encircled as our forces were launching a counterattack. We have reports that he was wounded and that he managed to escape and that he even told his soldiers: Serbs hold your ground, be brave, you are Serbs and you will be Serbs.

We did, however, capture his jacket and his vehicle. Hence, I cannot say with total certainty whether he was wounded or not, whether he was killed or not. What is certain, though, is the fact that he ran away without his vehicle, without his jacket. If he remained alive, he escaped our soldiers by a narrow margin. [passage omitted]

Army: FRY Supplying Serbs With Equipment

AU1909194894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Text] It is becoming increasingly clear that the blockade of the Bosnian Serb border that was pompously announced by Milosevic's regime is just propaganda aimed at achieving the easing of the international community's sanctions. Namely, the Serbian military machinery in Bosnia-Herzegovina is supplied via pontoon bridges. During the night, convoys of military equipment are brought in from Serbia. The Serbian aggressor is amassing material-technical equipment and manpower. It has also been observed that columns of tanks, personnel carriers, trucks, and other equipment are crossing bridges on the Ljubovija-Bratunac and Bajina Basta-Skelani routes. The Serbian aggressor is continuing to concentrate hardware in the region around Srebrenica, which implies that his aim is to step up military pressure on the Srebrenica and Zepa protected areas in order to use the population's grave position for blackmail purposes, reports the Bosnia-Herzegovina Army Supreme Command Headquarters.

'Fierce' Muslim-Croat Clashes in Bugojno

LD1909190794 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 19 Sep 94

[Text] There are fierce artillery duels between Croat and Muslim forces in the Bugojno area. Both sides are sustaining casualties, Croatian Radio Herzeg-Bosna, Studio Uskoplje has reported.

The radio specifies that this morning the Muslims fired two shells and set on fire a residential building complex near the premises of the Iskra football club where the remaining Bugojno Croats are sheltered. Members of the Croat Defense Council [HVO] responded to the attacks.

According to the same source, the clashes flared up over the attempt by the Muslim town authorities to forcibly mobilize able-bodied Croats and send them to the front facing the HVO, of which Croat refugees in Srbobran have complained over the past few days. The HVO's Bugojno command has sent an appeal to international humanitarian organizations inviting them to visit the town immediately.

A statement issued by the Croat Democratic Union of Bugojno in response to the latest clashes stresses that the holy duty of every Croat is to prevent the complete obliteration of the traces of Croat existence in the Bogojno area. Radio Uskoplje broadcasts on the hour a message to the leadership in Zagreb to adopt a resolute stance toward the treacherous Muslim leaders, on behalf of the dying Croats of Bugojno.

Good Croat-Bosniak Relations Praised

AU1909205594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Text] President of the Tuzla-Podrinje canton Izet Hadzic and associates today received Dario Kordic, president of the Croatian Democratic Community [HDZ] for Bosnia-Herzegovina. The reception was attended by representatives of the Croat [words indistinct] and the Bosnia-Herzegovina Army 2d Corps.

Izet Hadzic and Dario Kordic stressed the traditionally good relations and coexistence of the Bosniaks and Croats in these regions, which was reflected positively in the joint and organized resistance to the Serbian aggressor. Kordic particularly stressed the necessity of speeding up tasks pertaining to the implementation of the Bosnia-Herzegovina Federation Constitution.

Ganic Finds Croat Support for Federation

AU1909201394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Report by Dzevad Dziho]

[Text] After touring destroyed Gornji Vakuf, including the part under Croatian Defense Council [HVO] control, Ejup Ganic talked to the municipal leaders and military commanders. They discussed the implementation of the Washington Agreement and the revival of economic activity and civilian life in general. In this part of our country too, the support for the federation is great, among both the leadership and the people. Optimism was also expressed regarding the functioning of the federation in talks with the Croats in Gornji Vakuf.

The most topical issue in Bugojno at the moment is the revival of the economy and associated activities, even though the problem of personnel is very pronounced. Many projects have been drawn up, and if there are no problems with financing, the Bugojno economy could soon yield good results. In a town where there are more [words indistinct] than the local population, the problem of survival was more than pronounced, but it was also being successfully resolved. In Bugojno, [words indistinct] they are already preparing to adjust to the Federal Constitution. As far as the combat situation is concerned, the chetniks are very active on the demarcation lines. Without much success, of course.

Ganic Views War Issues, State Integrity

AU1409150894 Zagreb DANAS in Serbo-Croatian 6 Sep 94 pp 18-20

[Interview with Dr. Ejup Ganic, vice president of the Bosnia-Herzegovina Presidency, by Milan Jelovac; place and date not given: "We Are Driving the Serbs Crazy"—first paragraph is DANAS introduction]

[Text] *Many will say that Dr. Ejup Ganic, vice president of the Bosnia-Herzegovina Presidency, is a man in whom President Izetbegovic has special confidence. Since the beginning of the Serbian aggression, Dr. Ganic was de facto the number-two man of the Bosnian state, and with the beginning of the Croat-Muslim conflicts he became the most prominent Sarajevo official. Dr. Ganic does not comment on the fierce statements against the Croat republic of Herceg-Bosna and the HVO [Croatian Defense Council] issued at the time, saying that in the name of a better future together the negative things should be forgotten. The interview we had with the vice president of the Bosnia-Herzegovina Federation was conducted at an unusual time—midnight....*

[Jelovac] There have been two kinds of comments on the Bosnia-Herzegovina Army entering Velika Kladusa. While some local analysts say this is a great success for the Bosnian Army, many foreign reporters have interpreted your formations entering the empty town as a political failure of the government in Sarajevo. The refugee crisis has been going on for 10 days now.

[Ganic] The Bosnia-Herzegovina Army has complete control of the Bihac pocket region, and we see no reason for the refugee wave toward Croatia. We keep asking them to return, because, I assure you, no one has touched their houses. Nothing has been destroyed in Kladusa, their property has remained untouched, and I see no better solution.

However, the fact remains that there are some people among the refugees who believe that after two or three years of living abroad they would improve their living standard. Unfortunately, the situation in Europe is much worse than they think.

This is precisely the reason we have appealed to these people to return to their homes. If someone wants to take a gun and fight against the Serbian aggressor, let them go for it! Whoever does not want to do so, we will not force them. The process of forming some kind of autonomy for western Bosnia has been completed; it has practically evaporated with the Bosnia-Herzegovina Army having established control over the region. This alternative, the nucleus of the autonomy that the Belgrade regime nourished in Velika Kladusa, has disappeared. From this aspect, the Bosnia-Herzegovina Army entering Velika Kladusa is a great victory.

[Jelovac] However, when I spoke to the refugees a week ago at Turanj, most of them said they were not even considering returning to Kladusa. They said they feared extremism, the revanchism of the government forces.

[Ganic] This can be remedied too. If they are afraid, let us resolve this problem in an appropriate way. You have read the proclamation that the Bosnia-Herzegovina Presidency has issued—it offers special accommodation to these people, which is safer than their houses. We are not so stupid as to shoot and put thorns in our own legs! Why would we shoot our own people? There will be new elections, and the boxes with the ballots will be under UN control, so the people can express their choice. Time will tell who will vote for whom. It seems to me that the entire thing has been blown out of proportion. The syndrome of being closed up, three years of living surrounded by the Serbs, has created the illusion that a change is possible through cooperation with the aggressor.

[Jelovac] The main originator of the idea for autonomy of western Bosnia, but also the man who fed these people, has been charged with treason. Will you ask Croatia to extradite him if the Croatian authorities can reach him, also taking into account the fact that he is a Croatian citizen?

[Ganic] You will have to believe me when I say that I am not up to date with these events, and I do not know anything about the charges against Abdic.

[Jelovac] The Croatian press has published a facsimile of the indictment. He has been charged with treason and mistreating civilians in three camps established in the area under his control.

[Ganic] Naturally, he falls under the same laws as all of us politicians. I think that Abdic has lost his political subjectivity. His carreer has in fact ended, at least as far as politics is concerned. He is now out of the first round.

[Jelovac] However, he was vice president of the Presidency, and at the elections he won the most votes, even more than Alija Izetbegovic.

[Ganic] Yes... you see, no one can follow a person as they can follow themselves. This is politics, a continuous selection process. There are simply certain values one must never offend, and it is precisely in this area that he made certain mistakes. If politicians file for certificates of citizenship and passports, such moves are only cosmetic.

I think that Croatia also wants to resolve the refugee crisis at Turanj and the entire situation in Cazin Krajina soon. This is a strategically important territory that in a certain way spoils the concept of Greater Serbia. The Serbs wanted to neutralize the homogenous Bosniak population by isolating Cazin Krajina, but it did not work. The new situation and the Bosnia-Herzegovina Army control over the territory of the Bihac pocket will certainly contribute to the stabilization of Croatia in the long run. It is in the interest of Croatia that the refugees return as soon as possible, as Kladusa is now a kind of dam toward the Serbs in the UNPA's [UN Protected Areas].

[Jelovac] Would this be sufficient proof of a new course of the official Croatian policies toward the wider region of Velika Kladusa, the course that is based on the Washington agreement?

[Ganic] Two things have become completely clear in this area. We conducted the politics according to which the Bosniak people were a factor, and according to which the situation in the Balkans could not be settled without their consent. We are strong enough, we have an army of 200,000 soldiers which is becoming stronger and more organized by the day. Another fact which is very important to the Croat people is that a strategic alliance on cooperation has been established. The alliance surpasses the borders of the Bosnia- Herzegovina region. It is an alliance between two nations, which has been felt in Europe, the United States, Russia.... The alliance also partly establishes a new balance in the Balkans, suggesting certain new relations. There are no more negotiations from the position of force, which was the main argument of the Belgrade regime. These are the two important characteristics, and Croatian politics has been implementing them in that context. It has been trying to consolidate the Croatian state at its borders, which is compatible with these characteristics. That the Bosniaks are a factor in the Balkans and that the alliance was formed with the establishment of the federation, the preservation of the integral Bosnia, and the confederal agreement with Croatia are the proof of a more offensive course that Croatian politics has taken. It is not very rewarding to discuss change, although I have always said that the problems of Bosnia-Herzegovina and Croatia must be resolved together, in a package. We cannot arrange things in Bosnia and pretend to be deaf about what happens in Croatia, and vice versa. If you have a fire at your border, it can soon spread to what is inside.

[Jelovac] The Bosnian problem must undoubtedly be resolved together with the Croatian problem.

[Ganic] Naturally; this is the politics I support. Only what was positive in the joint past should be pointed out, and it is on the basis of these good things that some new bridges, a future with better prospects, should be built. The negative things should, on the other hand, be forgotten.

[Jelovac] The bad and compromising things should be discarded, and people should head for a more constructive future?

[Ganic] Yes. However, looking objectively, when things are added up, the Croats support the integral Bosnia and the joint state with the Bosniaks, based on mutual interests. We should respect each other, each should respect their own without endangering the rights and freedoms of the other. This will undoubtedly take time, the changes of attitude will not happen that soon—Milosevic is still young enough, and he will keep trying to construct new conflicts in order to stay in power. He has not exhausted his arsenal yet; he has not yet started with Kosovo, Vojvodina, Sandzak, and the internal enemies. Various episodes will happen, he will start new fires. Naturally, Bosnia will remain in the center of his interests.

[Jelovac] Under what conditions could the Washington agreement be brought to life, since this is only the beginning of the implementation, characterized by many problems—both in central Bosnia and in western Herzegovina?

[Ganic] We are in for a lot of work. There is primarily a good plan for the return of the refugees and for substantial aid by the international community. Without the people at home the work on the infrastructure of the federation cannot be started. The Croats and Bosniaks must return to their ethnic areas, to where they were before. This is the most important problem, and in resolving it we will ask for the support of Washington and Bonn.

However, another practical problem has come up recently, which is a great desire for forming new municipalities. Every ethnically homogenous village has asked for its own municipality to be formed. We do support the forming of small municipalities, but we should first set uniform criteria in the federation parliament. We want to meet such demands, especially of the Croats. If someone wants something, the easiest thing is to allow it. Naturally, on the territory that belongs to them.

[Jelovac] I agree, but it will be difficult to determine what belongs to whom. The question of armed forces arises here. Will the Croats have the HVO on their territories in the future?

[Ganic] In principle, our aim is to establish a joint army. However, in this transition stage we have to be wise and flexible; compromises and good will on both sides will be necessary. To be honest, the Bosnia-Herzegovina Army has already shown that the Washington agreement can be implemented without any problem. It is even a step ahead of the civilian authorities. This is what soldiers are like; they have a good sense for reality. They know who started the aggression.

[Jelovac] One of the main conditions for a successful building of the federation is, as you have said, discarding the negative things from the joint past. Does that mean that the people—on both sides, of course—who, with their statements and actions instigated the war and committed crimes, will be removed from political and public life? The latest example is the statement of Mr. Semso Tankovic saying that the example of Velika Kladusa is a warning to the Kordic's and Markovic's. What is your comment on that?

[Ganic] I would not comment on that statement; I have not read his interview, and this sentence may have been taken out of context. However, we want to negotiate and cooperate with the people elected by the Croats. If the Croat people believe that a certain group of people are the best representatives of the Croats, I will always negotiate with them. Prompts and suggestions from the outside are counterproductive. It is in the interest of both Bosniaks and Croats to cooordinate all the initiatives and proposals to the greatest extent possible. In this stage of forming the federation there will be people on both sides who will provoke mistrust and suspicions with their presence. However, let us give them another chance, let this be their make-up exam. They may rotate their positions by 180 degrees, because nothing is impossible in politics. In this stage of building relations the Croats must make suggestions, but we must strive toward the criteria that are acceptable to both sides. Thank God, Croatia also aspires toward Europe, and it already is partly in Europe. We Bosniaks are also a European people, and we will surely find a common ground there. None of the discredited people are forever, and they will certainly not present an obstacle. In a national soccer team you must have players who can play, and the same goes for the functioning of the state. Everything will fall into place. Only the people with a sense of reality will survive politically.

[Jelovac] In today's statement to the foreign media, Prime Minister Silajdzic fiercely opposed the Russian initiative on the possible changes and corrections of the contact group maps. Will you agree to possible changes?

[Ganic] When we accepted the contact group plan, we quite openly said that we considered the plan unjust, that it rewarded the aggression, but since peace is our priority, we accepted it. Any more tinkering with the plan takes the entire issue back to the beginning. This is the reason we will accept no changes. Kozyrev's visit and his persuading Milosevic to accept observers at the border is a completely new moment. Milosevic's decision to break off relations with Karadzic without quantification, without accepting some physical verification, cannot be considered a new Serbian position, a new course. This alleged conflict between Milosevic and Karadzic is questionable. Is this a conflict for prestige, or is this an issue of two concepts of the creation of Greater Serbia? There is a variant according to which this is the issue of who is going to be the number one man among the Serbs, and their platform of the Greater Serbia from Belgrade to Knin is not at all disputable.

[Jelovac] You are right, because Milosevic said that "the Serb national interest was actualized with taking half of Bosnia."

[Ganic] That is right. On the other hand, this could be a division or transferring of the responsibility for the war crimes committed on the territory of Bosnia-Herzegovina. It could also be a kind of deeper conflict in the sense of lack of reality in the creation of Greater Serbia and the imperative the international community has posed regarding integral Bosnia. We must simply not speculate too much, as there are physical verifications of Milosevic's actions. Everything else is speculation. I would not go too much into whether this is a real conflict, as we have been burnt too many times by listening attentively, speculating.... If you cannot measure, calculate, verify something, then you can only speculate about it. Until Milosevic agrees to observers at the Drina River and the recognition of Bosnia-Herzegovina and Croatia as sovereign, integral states, there will be no solution. In that case this is only buying time and settling accounts within the family.

[Jelovac] What is your comment on Vitaliy Churkin's latest tour, his insisting on the sanctions being suspended and not being tied to the integration of the Croatian occupied territories, and opposing the lifting of the arms embargo? Do you think that the contact group has finally disintegrated, and that what the Serbs were aiming at has actually happened?

[Ganic] This is undoubtedly a step backwards. Some may even interpret it as the beginning of the disintegration of the contact group. However, maybe it is also time Russia asked itself how long it can last, how long it can so casually keep behaving like this, and to what extent their politics is independent vis a vis Zhirinovskiy and his nationalist front. However, it is early to discuss disintegration of the contact group. Perhaps Andrey Kozyrev's latest moves and statements went a bit far from the contact group expectations. Still the United States, by setting the date on 15 October, has also set the limit on the possible events within the contact group. Maybe the latest Moscow initiative was a kind of balancing against their strong nationalist opposition block. We should wait, because in politics every day is a new day, and nothing is impossible.

[Jelovac] What would be an efficient solution to the Bosnian crisis—the lifting of the embargo, the continuation and escalation of war, or the 51:49 formula?

[Ganic] The 51:49 proposal is unfavorable for us. It rewards the aggression, and yet we accepted it. As I have said, peace is our priority, but this unjust internal division still guarantees the survival of the state of Bosnia-Herzegovina. Naturally, the Chetniks did not wage a war for this map and for this kind of internal organization, and the proposed plan does not suit them. What would be a just solution in the situation in which they refuse what is offered? The old "lift and strike" formula would be the right thing. Therefore, the embargo should be lifted, and then there should be air strikes.

[Jelovac] However, if the United States lifts the embargo, the Serbs will probably strike even harder, and try to conquer Tuzla and Zenica, for instance.

[Ganic] We are strong enough to withstand the possible strikes of the Serbian army. They could not possibly seize Tuzla or Zenica. On the other hand, the international community has taken over the obligations to protect several endangered areas in Bosnia.

The lifting of the embargo would establish a dynamic balance, and it would show the radical Serbs that negotiations are the only way to resolve the situation, the alternative to which is war. In case the embargo is lifted, the Serbs will carefully consider whether they want an all-out war. In the history of world diplomacy, aggressors have never voluntarily given up on their military predominance. We should therefore not be expected to defeat these regularities either. We want the embargo to be lifted not only because of the fighting, but primarily because of balance, better positions in negotiations, and only ultimately, if the political means are exhausted, because of the fighting.

[Jelovac] Good politicians are also pragmatists. Be pragmatic, because the Serbs will obviously not accept the 51:49 plan. Therefore, the United States will lift the embargo, and the war will escalate. However, with Alija Izetbegovic's statement, according to which the lifting of the embargo is not necessary "because the Bosnia-Herzegovina Army will acquire weapons and equipment in other ways," there arises the logical question: How? From its own resources, from the Islamic countries, or from Croatia?

[Ganic] I have not fully analyzed the president's statement, and I would therefore not like to comment on it. However, there is an old American saying that is usually quoted in industrial corporations. It says: Success comes from within. This is what we believe, too. We started off without an army, and now we have an army, and not a small one—it is a respectable armed force, stronger by the day. We also have significant military industry production capacities, which we have been improving and developing even during the war.

On the other hand, Bosnia-Herzegovina depends upon the international community for food and other humanitarian aid. The recently frequent blackmails "if the embargo is lifted, we will withdraw the protection forces" create a more complex situation in many ways. We have proved that in this war we can resist the Serbian machinery that has been attacking us even with the modest means that we have at our disposal. We are simply driving them crazy, because the Serbs have bitten off more than they can chew. They have occupied territory they cannot defend. They do not know the first thing about establishing a state, because it is a lot of work; there is the market that needs to be taken over, and the Serbs do not have enough talent for this, as it was mostly done by Bosniaks and Croats. The Serbs went into diplomacy, politics, and the army, and they were paid from the budget. Now they have to earn on their own, they are isolated from the world, and this is a completely new situation. It suits us, we have achieved another success.

[Jelovac] You talk about success, and yet you do not have control of nearly 70 percent of the state territory. What successes do you have in mind then?

[Ganic] We did manage to preserve the state. Time will show how we are going to organize its internal architecture, but, in the boxers' vocabulary, it will be a fight for points. Karadzic's regime had two aims: to destroy Bosnia-Herzegovina as a state, and to destroy the Bosniak people. The Serbs have not achieved either of these aims—on the contrary. They have created the people that cannot be avoided in any of the negotiations on the future of the Balkan region. The Bosnia-Herzegovina seat is present in all the international forums, from the UN to all the others.

It is an indisputable fact that the Serbian army has committed horrible crimes against the Bosniaks, crimes that are very rare in history. With the Bosniaks, this gave rise to a philosophy of the need for a permanent organization of an army within the state of Bosnia-Herzegovina, so that no one can kill the Bosniaks any more. The unfortunate conflict with the Croats in Bosnia, primarily with the Herzegovinians, is history which we want to forget. We want to turn toward the future.

[Jelovac] Would you accept a confederation of the Bosnian Serbs and the FRY—which was one of Kozyrev's demands—if Karadzic were to condition the signing of the contact group plan by confederation of his 49 percent with the FRY, in view of the fact that the international community has allowed the confederation between the Croats and Bosniaks and the Republic of Croatia?

[Ganic] Kozyrev is looking for an analogy where he cannot find it. First, the two peoples plus all the loyal Serbs agreed that they should establish a confederation with the Republic of Croatia, because it is a confederation with the West. Many of our communications go through Croatia. The confederate agreement is not an agreement between the Bosnian Croats and the state of Croatia, and therefore there can be no agreement between the Bosnian Serbs and Serbia. Kozyrev is mixing apples and oranges. The agreement on the confederation of the Bosnia-Herzegovina Federation and the Republic of Croatia is an agreement between two peoples and the state of Croatia, and Kozyrev wants to compensate for it by asking for the confederation between the Serbs and Serbia, that is, Yugoslavia.

[Jelovac] However, the Serbs are a constituent people in Bosnia-Herzegovina; they make up one third of the population. This is reality. They therefore do not recognize the state of Bosnia-Herzegovina, they have taken weapons and are fighting against it.

[Ganic] This is a classical aggression from Belgrade. The Serbs have conquered nothing on their own; they have the territories that the Yugoslav Army has occupied for them. At any rate, they are not an issue to be considered—50 percent of them are not even in Bosnia, and at least half of those who stayed support integral Bosnia. When a multiethnic state such as Bosnia-Herzegovina is concerned, you must avoid domination by the majority; you must observe the rules that are in force in the international community. I support the Serbs connecting, but exclusively in the cultural and sports area. We will not allow Bosnia to be plundered in the way it was done, and we will do everything to preserve the integral state. After all, the Belgrade regime is isolated from the entire world. It is hard to consider bridges with Serbia, with the country completely broken by sanctions. Anyway, they are aggressors against our country, and we will not discuss this. Let them first pay the war damages, and we will put the issue on the agenda later. However, the Serbs will never be able to make confederate arrangements on their own. They will have to consult with both the Croats and the Bosniaks, whose response you may well guess.

Bosnia-Herzegovina has always been connected with the West; this is nothing new. The many questions that arise—if this is going to be a loose or firm confederation, what money will be in circulation, what about investments and profits—we will agree upon between the Bosnia-Herzegovina Federation and the Republic of Croatia.

We must start working on the problem of the self-proclaimed "Serb Krajina" in Croatia together, because the Croatian state has not been allowed to have control over its own territory. Once this is resolved, Bosnia will also stand on its own feet. It seems to me that this moment is coming closer by the day, as both our peoples have always lived off their work.

[Jelovac] However, the main condition for this is peace in Bosnia.

[Ganic] There will be peace, I assure you.

Refugee Influx Grows; Serbs Plan New Expulsions

AU1909164294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 19 Sep 94

[Report by Salih Brkic from Tuzla]

[Excerpts] Almost every hour, buses are coming in from the Mt. Majevica pass on Ban Brdo to the reception centers, where teams have been up all night. Some 1,400 Bosniaks expelled from Janja came in yesterday. Last night, at around 0200 [2400 GMT] [words indistinct] new refugees, some 427 of them. Today the chetnik criminals continued [words indistinct]. As I file this report, another 160 refugees have been registered in the Tuzla reception center. [passage indistinct]

Nevertheless, it is certain that so far, some 2,000 refugees—mainly women, children, and old people, among whom there are many ill and seriously handicapped people—have arrived in Tuzla and the surrounding towns [words indistinct]. Most of them are from Janja, where the appalling genocide and exodus [words indistinct]. According to the refugees' claims, the chetniks are preparing new groups of Bosniaks for their journey into exile. [passage omitted]

Serb Party Leader Denies Ethnic Cleansing

LD1909190294 Sarajevo Radio Republike Srpske Program for Abroad in Serbo-Croatian 1730 GMT 19 Sep 94

[Text] Milorad Kuzmic, chairman of the Serb Democratic Party [SDS] in Kotor Varos, today denied the reports of the Muslim media in the former Bosnia-Herzegovina that Croats and Muslims are being forcibly driven out of the area. The accusations of ethnic cleansing in Kotor Varos are yet another in a series of media lies and anti-Serb propaganda. Since the day Kotor Varos was liberated and civilian Serb authorities were established, not a single person of any nationality has been forcibly moved out of the area, he said.

The chairman of the Kotor Varos SDS has called on international organizations in the former Bosnia-Herzegovina to come to Kotor Varos and verify the facts.

Paper Details Human Rights Abuses in Bijeljina

AU1509165994 Belgrade BORBA in Serbo-Croatian 8 Sep 94 p 13

[Report by V. Radivojevic: "A Cafe in Exchange for Freedom"]

[Text] What was once the peaceful town of Bijeljina is now in the center of attention of the international public following the veritable wave of ethnic cleansing of the non-Serb population that is taking place in the region. According to reports by the office of the UNHCR in Geneva, about 800 Muslims were expelled from the town last weekend alone. According to some reports that are now impossible to check, all the Muslims from Janja, a village in the vicinity of Bijeljina, have been expelled.

Investigators of the Fund for Human Rights have talked to several Muslims who were expelled from Bijeljina so, thanks to the courtesy of Fund Director Natasa Kandic, BORBA has the opportunity to convey authentic stories of the expelled people.

Pensioner M.L., a very well-off Bosnian Muslim from Bijeljina who fled 20 days ago, was summoned last July to the Communal Territorial Defense Department to sign a document tranferring ownership of his house and restaurant to a captain of the army of the Serb republic. A few days later, two soldiers came and took him to the village of Hase. The elementary school building in this village is a reception center for Muslims who are later to be taken into forced labor.

In the room of the school building where M.L. was brought, there were already about 30 Muslims. Immediately upon arrival, M.L., who is over 60, was beaten and everything of any value, including his wedding ring, was taken. M.L. spent that day and night with others in the school where he was occasionally mistreated and beaten, and on the next day he was taken to the front line at Majevica and forced to work there. Muslims taken there were given the task of digging trenches and shelters.

"I was released on 10 August together with some 30 people. They told us that we had completed our task and that we should go home. They first took us to a hunting lodge in Suho Polje. It was there that I saw Vojkan Djurkovic. He was wearing white trousers. He called me and several other Muslims over and ordered us to be taken back to Bijeljina by truck. When we arrived in Bijeljina, Vojkan ordered me to come to his office the next day.

"When I came home, I learned that I had been put on the list to go home because, when she learned where I was, my wife went to Djurkovic and demanded that he have me sent back. First he asked for 3,000 German marks for this favor but when she persuaded him that she did not have the money, he then demanded to be given a cafe that in fact belonged to a relative of mine, but I was authorized to act as the relative's proxy.

"Just as I had been ordered, I went to Vojkan Djurkovic's office the next morning. He immediately told me that I would have to bequeath the cafe to a fighter. I explained to him that I could not do that because I was not the owner, but was only acting as a proxy for the owner. He was not interested at all. He took me to the municipal building where he shouted and threatened until he was issued documents for the cafe. With these documents, we went to a lawyer where I signed that I bequeath the cafe to a fighter whose name was not written on the document. Later I saw on a copy of the document that instead of a name of a fighter it carried the name of Djurkovic's wife," M.L. told us.

According to the stories told by the people who fled from Bijeljina in order to avoid the announced expulsion, the Muslims who have stayed in the town have been exposed to pressure not only from the official authorities, but also from various militias formed of Serbian refugees. Muslims who have fled claim that no single civilian or military authority is trying to maintain any sort of order. Even when there are some such attempts, it causes real terrorist actions. When, for instance, charges were filed against several young men, some of them refugees, for the murder of 12 Muslims including three children, right at the start of the trial, a bomb exploded in front of the building where the president of the court lives.

Izetbegovic Receives U.S., German Ambassadors

LD1709180994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 17 Sep 94

[Text] Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, today received the ambassadors of the United States and Germany. The talks with U.S. Ambassador Victor Jackovich focused on President Izetbegovic's forthcoming visit to the United States. President Izetbegovic will attend the next session of the UN General Assembly and address the deputies. He will also hold talks with a number of U.S. officials.

German Ambassador Johannes Preisinger delivered German Chancellor Helmut Kohl's response to President Izetbegovic's earlier letter. Chancellor Kohl's message was that the request to use the Bosnian language in schools for Bosnia-Herzegovina children in Germany is being dealt with positively. Ambassador Preisinger informed President Izetbegovic that several German experts will soon come to Bosnia-Herzegovina to resolve the problem of building two bridges across the river Neretva south of Mostar in cooperation with our authorities.

Izetbegovic Receives Saudi Aid Commissioners

AU1909202194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 19 Sep 94

[Text] Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency, today received a delegation of the Saudi High Commission for Aid for Bosnia-Herzegovina and the Information Ministry of the Kingdom of Saudi Arabia headed by (Shaykh Nasr al-Sayebi) and (Muhammad al-Said).

The Saudi delegation, accompanied by a large group of the country's journalists, informed President Izetbegovic about their trip through Bosnia-Herzegovina, the aim of which is to present the situation in our country to the Saudi Arabian public.

President Izetbegovic particularly thanked the Saudi High Commission for the aid extended to our people. This visit is expected to further cooperation between Saudi Arabia and our country on the humanitarian and information level.

Muslims Plan To Make Zenica Their Capital

LD1609151594 Belgrade TANJUG in English 1132 GMT 16 Sep 94

[By Mila Gligoric]

[Text] Belgrade, Sept. 16 (TANJUG)—Bosnian Muslim lawyers are preparing laws in keeping with the sacred law of Islam, Shari'ah, which will be in force in the central Bosnian city of Zenica. The laws, prepared by lawyers from Alija Izetbegovic's Party of Democratic Action, will annul all mixed marriages in which one of the partners is not a Muslim and will allow Muslims to have two or three wives.

Some Muslims from Zenica, who were quick to acquire several new wives, were married by "real Muslims" from Iran and Kuwait who came to Bosnia to fight alongside their Muslim brothers.

Bosnian Muslim religious leader, Reis ul-Ulema Mustafa Ceric, last February ordered all Muslims to have at least five children: three for themselves and two for Bosnia.

The new law envisages strict penalties for all Muslims who drink alcohol because this was not respected, especially before going into battle.

The mufti of Zenica, Ibrahim Meftic, will personally monitor the implementation of the Shari'ah law.

Serb refugees from Zenica say the Muslims call this city "Little Tehran" because it is brimming with Islamic institutions which only formally bear names of humanitarian organizations.

The Islamization of Zenica, held by the Sarajevo government army, is financed by countries whose governments are spending huge amounts to create a Muslim state in southern Europe. Zenica has aid centres from Kuwait, Egypt, the Iranian Committee for Aid, the Al-Ibrahimi Foundation and the Igasa Aid Centre from Saudi Arabia. The Serb refugees say that these so-called humanitarian organizations are coordinated by the Islamic Medressa Centre.

The former teachers' school is now the Islamic Teachers' Academy and its dean is Mustafa Musanovic, educated in Iran. The city's pharmacy is now called the Islamic pharmacy. The newly-founded Association of Muslim Women has announced that its main aim is to "turn woman away from the former way of life and teach them the Islamic way."

The Islamization of Zenica began in 1992 before the start of the civil war in Bosnia when the Iranian independence day was celebrated in the city's pensioners' home. Before the war Zenica had a majority Muslim population, but after the flight of its Serb and Croat inhabitants, it has become a purely Muslim city.

Danish UNPROFOR Major Killed by Mine

AU1909181994 Paris AFP in English 1759 GMT 19 Sep 94

[Text] Copenhagen, Sept 19 (AFP)—A Danish major serving with the UN Protection Force in Croatia was killed Monday [19 Sep] when his vehicle hit an anti-tank mine in an area held by Serb forces, the Army command said here.

Per Hjort Skibelund, 54, an observer with UNPROFOR, was the first Danish peace-keeper killed in the former Yugoslavia.

A Polish UN observer, who was with him in the car, was seriously injured in the explosion near the town of Plaski.

Tudjman Wants Change in UNPROFOR Mandate

LD1909205394 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 19 Sep 94

[Excerpt] Franjo Tudjman, president of the Republic of Croatia, will demand, at the next session of the UNGA [UN General Assembly] in New York, that the UNPROFOR [UN Protection Force] mandate be changed, Gojko Susak, minister for defense of the Republic of Croatia, stressed in the course of his talks with a delegation of the Polish Defense Ministry, headed by Minister Piotr Kolodziejdzyk. The two ministers stressed, at a news conference, that the visit was taking place at Susak's invitation and that they regarded the meeting as a turning point in relations between the two countries.

Minister Kolodziejdzyk said that there will be further talks on cooperation. Croatia's Defense Minister Gojko Susak stressed that Poland had an important role in the Partnership For Peace project, as well as in the Central European Initiative. [passage omitted]

Divisions Arise in Krajina Over Bosnia Blockade

AU2009151894 Belgrade BORBA in Serbo-Croatian 15 Sep 94 p 4

[Report by S. Radulovic: "At Mihalj Kertes' Order"]

[Text] Krajina goods meant for the FRY market, as well as goods from the eastern part of Krajina that are arriving in the western part of the RSK [republic of Serbian Krajina] via the Serbian republic [Serbian entity in Bosnia-Herzegovina], cannot pass through the Sremska Raca customs unless they are personally approved of by Krajina Prime Minister Borislav Mikelic. This task was assigned to Mikelic by Mihalj Kertes, director of the Federal Customs Directorate. The directorate has been regulating the trading and transportation of goods in the direction of the RSK since the blockade. On the basis of this regulation, customs officers in Raca can allow goods to pass through only if documents accompanying them bear Mikelic's signature. With a decision that the Krajina government made at its latest session, Mikelic has made both the Kertes decree and his own position as main controller official.

Apart from maintaining control, the main aim of the Kertes decree and this new practice in the transportation of Krajina goods via Sremska Raca is to tighten the blockade imposed on the Serbian republic. Mikelic has also taken on himself the main part of the job of preventing the Serbian republic from being supplied with commodities from the republic of Serbian Krajina. Mikelic's decision to follow Belgrade's decision to introduce sanctions against the Serbian republic came only 10 days after his statement that he does not agree with that kind of pressure on the Bosnian Serb leadership.

Mikelic's insistence that the RSK should join in the blockade against the Serbian republic has caused serious divisions and conflicts in the Krajina government. According to BORBA's sources in Knin, the government's decision and Mikulic's new role are not based on the Krajina constitution or laws. It is particularly pointed out that the government has not at all explained its decision, something that is interpreted as an "attempt at usurping power" and as an introduction into "administrative division of the RSK." If this decision remains in force, as BORBA's interlocutor, who insisted on anonymity, pointed out, it may soon happen that Mikelic and the people in the government who agree with him may "blockade the western part of Krajina as well," so that it may be left without oil and food from the eastern part of the RSK. Therefore, there is the question of how Kertes could have known that Mikelic would accept that task and that in doing so he will gain support of the majority of the Krajina government.

It is certain, however, that with this move Mikelic "annulled" all the decisions made hitherto on economic links between the RSK and the Serbian republic, which, according to his many statements, should represent an introDuction to the "final unification of the RSK and the Serbian republic." Our sources in Knin, some of whom are close to the government, are of the opinion that Mikelic has thereby shown with what intentions he accepted the post of prime minister and they are warning of a denouement of this case at the next Krajina assembly session, which, according to the current political disposition in Krajina, may vote no confidence to Mikelic, which would automatically cause the entire government to fall.

Polish Defense Minister Arrives in Zagreb

LD1809185794 Zagreb HTV Television in Serbo-Croatian 1730 GMT 18 Sep 94

[Excerpt] A delegation of the Polish Defense Ministry, led by Defense Minister Piotr Kolodziejczyk, has arrived at Zagreb airport on an offical visit to the Republic of Croatia. Senior officials of the Polish Defense Ministry and the Polish Ambassador to Croatia Wieslaw Walkiewicz are in the Polish delegation. [passage omitted]

Fikret Abdic To Talk With UN About Refugees

LD1909153394 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 19 Sep 94

[Text] Prompted by the harsh humanitarian conditions in which around 10,000 refugees in Turanj are living and the difficulties in the delivery of food, medicines, and medical care, Fikret Abdic has allegedly accepted the proposal of the UNHCR and the UN Protection Forces [UNPROFOR] to hold talks on the future of the refugees from Velika Kladusa and their possible return.

It has been confirmed in Karlovac that Fikret Abdic is holding talks with UNPROFOR representatives in Topusko. Most refugees, living on the road, are finding the rain and cold unbearable. The situation is somewhat better in Batnoga near Cetingrad, where around 16,000 refugees are accommodated on the premises of the former Agrokomerc farm.

Abdic Offers 6,000 Troops to Bosnian Serbs

AU1909161594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 19 Sep 94

[Text] Veritable panic has broken out among the chetniks in the UN Protected Areas [UNPA] in the Republic of Croatia. The war psychosis ensued after the Bosnia-Herzegovina Army 5th Corps's decisive and relentless counterattack pushed back all the chetnik units into the so-called Serbian autonomous province of Krajina. Our Zagreb correspondent Nada al-Isa has the details:

[Begin al-Isa recording] The UN Protection Forces [UNPROFOR] explains the chetnik panic with the fact that the Serbian soldiers must for the first time admit to both themselves and their people that the Bosnia-Herzegovina Army can indeed defeat the Serbian army, contrary to what Serbian propaganda claims.

Fierce fighting continues to rage today in the Cazin Krajina as the chetniks continue to attack from the so-called Serbian autonomous province of Krajina. The 5th Corps was forced to launch fierce counterattacks and the chetniks immediately reacted with panic. Serbian radio stations on the occupied Croatian territories are today again almost exclusively playing war marches and are calling—as they say—to resistance and (?battle). (?The chetniks) have declared a veritable state of war. We have learned that in Vojnic today, in the occupied Kordun area, yet another joint powwow was held, at which Fikret Abdic agreed fresh attacks [words indistinct] with the so-called Krajina political leaders. According to what we have learned from reliable sources, Fikret Abdic has offered the chetniks some 6,000 of his well equipped troops. It has been confirmed in the Zagreb headquarters of UNPROFOR and on the ground in the UNPA zones that the chetniks from the so-called Serbian autonomous province of Krajina have recently been continuously attacking the area of Bihac, Cazin, and [name indistinct], and that the 5th Corps was therefore forced to launch fierce counterattacks in order to push the chetniks into the so-called Serbian autonomous province of Krajina. [end recording]

Commission Works on Montenegro Border Changes

LD1909154294 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 19 Sep 94

[Excerpt] Here is a report by Zlatko Kuretic on details of a session of the State Border Commission chaired by Professor Hrvoje Kacic.

[Kuretic] The commission's meeting was held behind closed doors, but after it was over its chairman, Hrvoje Kacic, had a meeting with journalists and explained the commission's work now and in the future.

Chairman Kacic pointed out that maps are being worked on which will delineate in a different way the sea border between the republics of Croatia and Montenegro. The line marking the boundary of Croatian territorial waters runs straight from the summit of Ostri promontory to the island of Mamula and represents an increase in Croatian territorial waters of 252 square kilometers. That will enable Croatia's economic belt at sea to be expanded by 4,300 square kilometers.

The state border commission chairman stressed today that in future Croatia will not consider border issues with states that have not recognized Croatia.

Hrvoje Kacic says the contested area of 8 square kilometers—a source of disagreement between Croatia and Slovenia—has now been reduced to 4 square kilometers, and these 4 square kilometers include the Sveta Gera area in Zumberak. [passage omitted]

Two Croatians Arrested on Suspicion of Espionage

LD1609212194 Belgrade TANJUG in English 1950 GMT 16 Sep 94

[Text] Beli Manastir, Sept. 16 (TANJUG)—The court in Beli Manastir, a town in Serb Krajina, said Friday that criminal proceedings had been opened against two persons claiming to be Croatian journalists.

Dragan Dasic, president of the court, said that Mark Gaunt, 31, with dual British and Croatian citizenship, and Antonija Rajkovic, 23, of Zagreb had been arrested on August 28 because of a reasonable suspicion that they had committed the criminal offense of espionage.

Dasic said the two were arrested near a United Nations Protection Force (UNPROFOR) checkpoint in the eastern Serb Krajina village of Karadzicevo.

They claimed to be reporters, but had no documents to prove it. Instead, they produced pages from the Zagreb VECERNJI LIST daily with photographs allegedly taken by Gaunt. A film found in Gaunt's camera contained five shots of the UNPROFOR checkpoint and scenes from Karadzicevo.

Gaunt—Stjepan Mark Goun in the jail register—said he was a news photographer and Rajkovic said she was a journalist "on a field trip for the summer."

Immediately after the arrests, the two were sentenced to 20 and 15 days imprisonment for crossing the border illegally. The public prosecutor's office of Beli Manastir demanded that an investigation be carried out because the two were suspected of having committed the criminal offense of espionage.

According to Krajina law, espionage can bring sentences ranging from at least ten years of imprisonment to the death penalty.

Croatian press, quoted on Thursday by the ASSOCIATED PRESS [AP] news agency, said that Gaunt had been a volunteer in the Croatian Army and that he had been wounded during the clashes between the Croatian and Serb Armies following Croatia's secession from the former Yugoslavia. AP said neither Gaunt nor Rajkovic were accredited as reporters with the UNPROFOR.

The Republic of Serb Krajina was proclaimed in 1991 in the ethnic Serb territories in Croatia, in response to Croatia's unilateral secession from the former Yugoslavia and reducing the Serbs from a constituent nation to an ethnic minority.

Opposition Will Again Take Seats in Parliament

LD1909123694 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 19 Sep 94

[Text] The opposition is returning to Parliament, Drazen Budisa [leader of the Croatian Social-Liberal Party—HSLS] told journalists after a meeting of representatives of the HSLS, the Croatian Independent Democrats [HND], the Croatian Peasants' Party [HSS], the Croatian National Party [HNS], the Social-Democratic Party [SDP], and the Istrian Democratic Alliance [IDS]. He pointed out that representatives of independent deputies and of Dalmatian Action [Dalmatinska Akcija] did not attend the meeting.

The opposition issued a special statement about the parliamentary crisis, in which it disputes the legality of the 18th session of the Chamber of Representatives [words indistinct].

The opposition says it will make more forceful and critical interventions in Parliament.

General Bobetko Speaks at Ship Launching

LD1709190894 Zagreb HTV Television in Serbo-Croatian 1730 GMT 17 Sep 94

[Report over video by unidentified correspondent, including recorded remarks by General Janko Bobetko, chief of the general staff of the Croatian Army]

[Excerpts] [Correspondent] On the eve of its anniversary tomorrow, the Croatian Navy is richer for yet another state-of-the-art ship—a landing mine-laying vessel [desantni minopolagac] Krka—which was launched in the Split shipyard today. [passage omitted] [Video shows Janko Bobetko, the chief of general staff of the Croatian Army speaking] Addressing the gathering, General Janko Bobetko said:

[Bobetko] At the competition in Sinj on 15 August, as a representative of the president of the republic, I said that Croatia had a somewhat longer arm than before and that it was capable of responding to any aggressor's attack. Gentlemen, I can tell you today that Croatia's arm is so long that there is no area in the aggressor's territory that we would not be able not only to reach, but also to hit hard with that arm.

[Correspondent] Speaking about the strength of the Croatian Armed Forces, Gen. Bobetko particularly stressed:

[Bobetko] We can return every blow. This means that Croatia is ready to defend its territory and to carry out its tasks. The Croatian Navy has its own place in the total of Croatia's Armed Forces.

[Correspondent] Despite everything, Gen. Bobetko said in conclusion that Croatia is in favor of a peaceful settlement of all conflicts, including even the one with the aggressor. Our people confirmed this once again during the recent visit to Croatia by the holy father.

Ministry Lists Registered Political Parties

AU1609164294 Skopje MILS-NEWS in English 16 Sep 94

[Text] According to the figures of the Ministry of Interior (where political parties were registered up to a month ago), the number of political parties in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] is currently somewhat over sixty. Here they are listed in the order of their registration. The list lacks several parties registered lately, along with the names of some parties' leaders.

1. Social Democratic Party of Macedonia, seated in Skopje, registered May 25, 1990, president Tihomir Jovanovski.

2. Democratic Alliance-Party of Farmers in Macedonia, seated in Skopje, registered June 8, 1990, president Dimitar Galev.

3. Movement for All-Macedonian Action (MAAK), seated in Skopje, registered June 12, 1990, president Ante Popovski.

4. Macedonian People's Party, seated in Skopje, registered June 19, 1990, president Vladimir Stefanovski.

5. Social Democratic Alliance of Macedonia, seated in Skopje, registered July 5, 1990, president Branko Crvenkovski.

6. Party of Yugoslavs in the Republic of Macedonia, seated in Skopje, registered July 17, 1990, president Milan Gjurcinov.

7. People's Democratic Party, seated in Tetovo, registered August 1, 1990, president Iliaz Halili.

8. VMRO [Internal Macedonian Revolutionary Organization]- Democratic Party for Macedonian National Unity, seated in Skopje, registered August 3, 1990, president Ljupco Georgievski.

9. Party for Democratic Macedonian Uniting of Workers (DMRO), seated in Prilep, president Zlate Stojkovski.

10. Party for Democratic Prosperity, seated in Tetovo, registered May 25, 1990, president Abdurahman Aliti.

11. Workers' Party, seated in Skopje, registered August 3, 1990, president Krste Jankovski.

12. Party of Complete Emancipation of Romanies in Macedonia, seated in Skopje, registered August 28, 1990, president Faik Abdi.

13. Socialist Party of Macedonia, seated in Skopje, registered September 11, 1990, president Kiro Popovski.

14. Political Party of Non-Employed in Macedonia, seated in Prilep, registered September 12, 1990, president Radoslav Dimitrievski.

15. Demo Christian Party, seated in Ohrid, registered October 6, 1990, president Vasil Risteski.

16. Liberal Party, seated in Skopje, registered October 16, 1990, president Stojan Andov.

17. Workers and Farmers Party of Macedonia, seated in Skopje, registered October 16, 1990, president Boris Stojcevski.

18. Democratic Party of Education and Cultural Workers in Macedonia, seated in Skopje, registered November 15, 1990, president Atanas Kuzevski.

19. Balkan Federation-Balkans Without Frontiers, seated in Skopje, registered December 5, 1990, president Dimitar Daskalov.

20. VMRO-DP[Democratic Party], seated in Skopje, registered February 1, 1991, president Vladimir Golubovski.

21. Party of Progress (Marxists), seated in Skopje, registered February 15, 1991, president Lazar Gogov.

22. Party of United Macedonians, seated in Skopje, registered March 1, 1991.

23. Party for Direct Action, seated in Skopje, registered March 5, 1990, president Milan Sarevski.

24. Macedonian Democratic Party, seated in Skopje, registered May 7, 1991, president Ivko Cvetkovski.

25. Liberal Party of Macedonia, seated in the village Oktisi, near Struga, registered February 6, 1991, president Asan Canovski.

26. Civilian-Liberal Party of Macedonia, seated in Skopje, registered July 10, 1991, president Boris Gegaj.

27. Green Party of Macedonia, seated in Skopje, registered July 11, 1991, Jovan Manasievski.

28. Party of Democratic Action, seated in Tetovo, registered August 1, 1991, president Kenan Mazlam.

29. Multinational Party of Macedonia, seated in Prilep, registered July 5, 1991, president Metodija Bogoevski.

30. Macedonian Party for Peace and Independence, seated in Kicevo, registered March 15, 1991, president Goran Arizanovski.

31. Democratic Progressive Party of Romanies, seated in Skopje, registered February 11, 1991, president Arif Bekhir.

32. Democratic Movement of Macedonia, seated in Struga, registered February 3, 1992, president Napoleon Kamberi.

33. Democratic Party of Macedonia, seated in Tetovo, registered April 1, 1992, president Tomislav Stojanovski.

34. Democratic Party of Serbs in Macedonia, seated in Skopje, registered March 18, 1992, president Boro Ristic.

35. Party of Democratic Action in Macedonia, seated in Skopje, registered March 30, 1992.

36. Democratic Party of Macedonia-Justice, seated in Skopje, registered April 9, 1992, president Gligor Krstevski.

37. Albanian Democratic Alliance-Liberal Party, seated in Skopje, registered March 13, 1992, president Dzemail Idrizi.

38. Communist Party of Macedonia, seated in Skopje, registered April 29, 1992, president Todor Pelivanov.

39. League of Communists of Macedonia-Movement for Yugoslavia, seated in Skopje, registered May 29, 1992.

40. VMRO-Goce Delcev-Radical Democratic Party, seated in Stip, registered May 28, 1992, president Mikhail Saltirov.

41. Republican Party of Macedonia, seated in Skopje, registered June 19, 1992, president Ivan Petrevski.

42. Workers' Party of Macedonia, seated in Skopje, registered July 6, 1992, president Momcilo Ivanovski.

43. Democratic Party of Turks in Macedonia, seated in Skopje, registered October 15, 1992, president Erdogan Sarac.

44. Ghuven-Party of Turks, seated in Gostivar, registered November 4, president Aziz Shen.

45. Western Macedonian Democratic Party, seated in Skopje, registered December 18, 1992, president Risto Angelkovski.

46. Renaissance Party of Macedonia, seated in Ohrid, registered December 4, 1992, president Slave Banar.

47. Communist Party of Macedonia, seated in Tetovo, registered January 28, 1993, secretary Vojo Zafirovski.

48. Democratic Party of Yugoslavs in Macedonia, seated in Gostivar, registered February 24, 1992, president Zivko Leskovski.

49. New Communist Movement in Macedonia, seated in Gostivar, registered March 9, 1993.

50. Democratic Party for Economic Union in the Balkans, seated in Skopje, registered March 14, 1992 1993, president Angel Dzambazovski.

51. Macedonian National Front, seated in Skopje, registered May 5, 1993.

52. VMRO-United, seated in Skopje, registered June 8, 1993, president Atanas Aleksovski.

53. Democratic Party, seated in Skopje, registered July 29, 1993, president Petar Gosev.

54. VMRO-Fatherland Party, seated in Bitola, registered October 15, 1993, president Dimitar Crnomarov.

55. Islamic Light in the Republic of Macedonia, seated in Kicevo, registered September 25, 1993, president Jusuf Selim.

56. League of Democrats in Macedonia, seated in Prilep, registered October 25, 1993, party representative Dimitar Caevski.

57. Party for Social Justice in Macedonia, seated in Skopje, registered January 20, 1994, party president Kosta Jancevski.

New Alliance Names Gligorov as Candidate

AU2009081994 Skopje MIC in English 19 Sep 94

[Text] The presidential candidate of the ruling coalition (without the ethnic Party for Democratic Prosperity) which has taken on a new name "Alliance for Macedonia" [The Former Yugoslav Republic of Macedonia—FYROM] is the current president Kiro Gligorov.

This was accepted with acclamation in Skopje on Saturday evening [17 September] at the joint SDSM [Social Democratic Alliance of Macedonia], LP [Liberal Party], and SP [Socialist Party] assembly. The presidents of these three parties agreed to a joint appearance at the forthcoming parliamentary and presidential elections under the name "Alliance for Macedonia," under the motto... "Definitely!"

Addressing the participants in the assembly in the overcrowded hall of the Macedonian National Theater, the current president Kiro Gligorov assessed that the formation of the Alliance for Macedonia was a major event. Gligorov emphasized that these three parties were the "bearers of the peaceful and legitimate way of independence and that they accomplished Macedonia's place in the United Nations and the internal stability of the state."

Gligorov underlined the three basic goals of his program—market reforms, democratic development, and international affirmation of Republic of Macedonia. Gligorov appealed for an election campaign without euphoria, false promises, and inflation of passions, without inter-ethnic hatred. "The massive meetings in the north and south of Republic of Macedonia have polluted the atmosphere in the Balkans and darkened the minds of the people," Gligorov said.

Three Candidates Declare Intention To Run

AU2009082294 Skopje MIC in English 19 Sep 94

[Text] So far, three candidates have been announced for filling the place of president of Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] at the upcoming elections. Namely, Kiro Gligorov (the current president) by the "Alliance for Macedonia," Ljubisa Georgievski from VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] and the independent candidate from the United States, George Atanasoski.

Signatures from 30 deputies or 10,000 citizens will be required in order to make these candidates official. For the present, the only one who has completed this formality is Kiro Gligorov. According to NOVA MAKEDONIJA, 27 deputies have placed their signatures for Ljubisa Georgievski.

The third candidate George Atanasoski, whose posters are pinned up all over Skopje, decided to go for the second alternative and gather 10,000 signatures. However, NOVA MAKEDONIJA writes that this action has still not started. Atanasoski is expected to come to Macedonia these days and take care of the formal side of his candidacy—uninterrupted stay in Macedonia in the last 10 years.

Coalition To Present United Front in Elections

LD1709193494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1821 GMT 17 Sep 94

[Text] Skopje, 17 September (TANJUG)—This evening Kiro Gligorov, president of the Former Yugoslav Republic of Macedonia [FYROM], was proposed as a common candidate from the Social- Democratic Alliance [SDS, socijaldemokratski savez], the Liberal Party [LP, liberalna partija], and the Socialist Party [SP, socijalisticka partija] as president of Macedonia in the first presidential elections in Macedonia to be held on 16 October.

The leaders of the three parties—Branko Crvenkovski (SDS), Stojan Andov (LP), and Kiro Popovski (SP)—have also announced that their parties will present a single list at the second multi- party parliamentary elections also to be held on 16 October.

According to Crvenkovski, Andov, and Popovski, the main reason for the three parties' united front is to place state interests above party interests. All three announced the formation of a kind of so-called "Alliance for Macedonia."

Accepting his candidacy as president for the next term, Kiro Gligorov said that these three parties came to power at a critical moment when conflicts had already started in some parts of Yugoslavia. According to Gligorov, the country's independence and the integrity of its territory are the main aim, and even international players are interested in the nonviolability of its borders. American troops are here to show that interest, Gligorov said.

Poll Indicates Half of Voters Undecided

AU1909162094 Skopje MILS-NEWS in English 19 Sep 94

[Text] The paper VECER conducted a telephone public opinion poll over 200 citizens in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. The poll showed 85.5 percent of the citizens are inclined to vote; 10.5 percent will not vote; and 4 percent have not made up their minds yet. Half of those who will cast ballots have not decided yet who to vote for, and the other half supported SDSM [Social Democratic Alliance of Macedonia] with highest proportion (14.5 percent), then VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] (10.5 percent), (9.5 per cent), PDP [Party for Democratic Prosperity] (6.5 percent), and 6 percent for the remaining parties. Socially structured analyses of the public's readiness to vote show workers are the most eager to vote (90 percent will), and ethnic analyses show Albanians are most anxious (85 percent) to vote than Macedonians (75 percent).

The poll also showed half of earlier SDSM followers are now uncertain who to vote for. Almost 40 percent of those who voted for SDSM in the first free elections will again give the party their votes, 8 percent will not vote for DP, and 2 percent for the remaining smaller parties. The situation with former VMRO-DPMNE voters is similar, 45 percent of them are not sure who to vote for. Precisely 40 percent of them will vote for the party again, and the remaining percentage will vote for other parties, mostly for DP (10 percent). The voting body of PDP showed largest stability. Even 80 percent of those who supported the party four years ago will again give it their votes, and the remaining voters will support the NDP [People's Democratic Party] or other parties.

Some 145,000 Albanians Said Ineligible to Vote

AU2009090394 Skopje MIC in English 19 Sep 94

[Text] According to unofficial data, the electoral lists for the upcoming elections contain over 1,470,000 names of Macedonian citizens. The same source claims that 145,000 Albanians and 25,000 Macedonians (who do not necessarily have to be "real") do not have citizenship papers and will not be found on these lists. Approximately 12,000 are going through proceedings for determining their citizen status. The electoral lists will be closed eight days before the elections.

Chamber of Commerce Applauds Easing of Sanctions

LD1709135294 Belgrade TANJUG in English 1337 GMT 17 Sep 94

[By Mladen Stancic]

[Text] Skopje, Sept. 17 (TANJUG)—Businessmen in The Former Yugoslav Republic of Macedonia (FYROM) have received the news about an announced easing of the sanctions against Yugoslavia as a good news.

Before the imposition of the United Nations sanctions against the Yugoslav Federation of Serbia and Montenegro in May 1992, two thirds of FYROM's total foreign trade was with Serbia and Montenegro.

The international blockade has negative effects on economic stability of neighbouring countries and the announced partial lifting of the sanctions has awaken hope in the entire Balkans, vice-president of the FYROM Chamber of Commerce Dose Kotevski said.

"We cannot view the blockade against our northern neighbour as if it were a distant country because we are in many ways inter- dependent" said Kotevski.

"The transport corridor from FYROM to the Federal Republic of Yugoslavia has no alternative," he said, adding that producers in FYROM were forced to raise the price of their goods up to 40 or even 60 percent because of the additional transport expenses.

Transport of fresh vegetables and other agricultural products from FYROM to Western European markets is especially a problem because a so-called "green corridor" through Bulgaria, Romania and Hungary has not yet been put into operation.

According to some information, FYROM has so far lost over three billion dollars as a result of the blockade and Western countries have done nothing to recompense it despite repeated promises to do so.

Prior to the imposition of the sanctions against Yugoslavia, FYROM's exports to Serbia and Montenegro had stood at a level of around 441 million dollars.

In 1992, Serbia and Montenegro exported goods worth 898.2 million dollars to FYROM.

"Traditional ties established over the decades cannot be severed, regardless of the influence of strong international powers," Kotevski said.

He said businessmen in FYROM expected the announced easing of the sanctions to help resume regular business relations with partners in the Federal Republic of Yugoslavia.

Commentary Advocates Equal Distance Policy

AU1909121594 Skopje PULS in Macedonian 16 Sep 94 p 11

[Commentary by Borislav Naumovski: "Keep (Equal) Distance"]

[Text] A country's foreign policy must start from long-term projections for economic, cultural, and democratic development, as well as from its international position. First of all, the government structure and the coordinated functioning of state mechanisms are responsible for the success and efficiency of such a policy, that is: the parliament, the executive and administrative power, as well as the engagements of the head of state. That is why such a policy is assessed by the results accomplished in the country's global strategy.

Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] has behind it a period filled with important events that leave an enduring effect on its transformation into an independent state. The most important events are as follows: The new Constitution, the referendum on independence and autonomy of the state, its admission to the United Nations, and its recognition by a great number of countries. That is how the process of its integration into the international community started, as well as its definite inclusion in the geographic and political map of Europe. All this happened under conditions of bloody conflicts in the neighborhood, sanctions, economic blockades, pressure, threats, and blackmail—particularly by some countries that are still not able to liberate themselves from historic complexes of the past. However, the state structure, together with all the other democratic forces in the country, has made a strong effort to endure and overcome all these problems, using all available means.

Yet this phase is, in every sense, the most difficult for us. Not only because of the radical democratic changes and economic shocks, but also because, in historical terms, we face our own destiny. The Macedonian people has, for the first time in history, taken over full responsibility for the destiny of present and future generations. There are no chances of sharing the risk with anybody else. And yet, there is a feeling of delight because we do not start from zero, but from impressive achievements in the cultural and spiritual body of the country that have been accomplished in the period that is behind us. This is a guarantee that the citizens of Macedonia will even faster reach the horizons of their future cultural and economic prosperity in new economic and democratic transformations.

The results that have been achieved by the Macedonian foreign policy so far give grounds for such expectations. Rising like a phoenix from the ashes of the destroyed systems, Macedonia has, as no other country, attracted the attention of the whole democratic world, which is without precedent in the new history of Europe. Regardless of the economic apocalypse that we are passing through, we were the first to remind the Old Lady [Europe], with our principled and peaceful policy (via Badinter), that the world is starting a new era of planetary dimensions.

Macedonia started its democratic changes with a foreign policy that, despite all criticism from within, particularly after independence (mainly due to the imposed temporary name), has started slowly, but surely, to foster relations with Europe and the whole world, and especially with the neighbors. Faced with events that were moving so swiftly, the foreign policy reacted in a manner that brought recognition and respect from a great number of international factors. Although it cannot be seen at first sight through a diopter, one cannot deny the merits of the foreign policy for the position of the Republic of Macedonia on a regional and international plane (as a factor of peace and stability).

Starting from an objective analysis on the effects achieved (at due distance from the hot election atmosphere) we can say that the Macedonian foreign policy has achieved a balance for which it can be envied by most of the new independent states on the subcontinent. It is no accident that Macedonia is the focus of the international community's attention, which does not hide its interest and curiosity for the processes that are taking place on this small Balkan territory. The way it is doing this gives the impression that it more or less sees Macedonia as a magic crystal ball through which it tries to find the answer for its own fate (regarding nationalism as an increasing threat).

The latest developments concerning our state on the international plane, as well as the favorable course of discussions with the IMF and the World Bank (although they are not totally predictable), demonstrate that Macedonia is slowly, but surely, moving toward political and economic consolidation. Let us hope that the new authority that will be selected by the citizens in the October elections will profit from these positive trends for the country, first of all for solving the economic difficulties and for its association with Europe and the whole world on a lasting basis, particularly with its neighbors, with which Macedonia sincerely hopes to develop relations of friendship and cooperation on the principles of a policy of equal distance.

It is noticeable that in some business, but also political circles, there are some reactions from time to time that are actually not very loud, but quite sarcastic, in relation to the proclaimed policy for cooperation with Europe and the policy of equal distance with the neighbors. Some are complaining because our state is insisting on association with Europe at any cost, and not with the United States and the remaining countries of the world, which are equally attractive for us. They also complain about the hard policy of equal distance to the neighbors, saying that some of them accepted us with "open arms," others turned their backs on us, while there are those who do not even want to mention our name. Their views are obviously unilateral and in favor of confined party interests. To advocate a policy of equal distance is justified because this orientation does not exclude or limit any attempt for cooperation with any of the countries in the world.

What is probably missing is a more detailed strategy or platform for strategic aims and tasks for cooperation (with all specific advantages), starting from the neighbors, up to the United States, Europe, and Japan. To be frank, we know that such actions have already been taken at the regional level, particularly in the area of communications. For the moment there is the East-West transverse, although we should not wait too long for the North-South diagonal that, regardless of the present situation in relations with our neighbors, must contain all projections and advantages for the Macedonian economy in the longer term.

With many different levels of relations, it seems that where there are opposing interests, this is reflected in the appraisal of foreign policy. Although of different hues, some of these can be accepted, as, for instance, those related to the finalization of some agreements on cooperation with some of the neighbors which, regardless of how spectacular they were, have unfortunately remained without effect. Nevertheless, that is an additional experience that will contribute to the future building of relations with these neighbors. However, it is a mistake to support the idea that we must abandon the policy of equal distance. That is a conclusion that can be used for everyday policy, particularly now that elections are coming! The answer is straight and clear: Macedonia is a part of the Balkans, but also a part of Europe, with which it must construct relations in conformity with its criteria and standards. The relations with the neighbors imply, first of all, equal measures for all in cooperation if we want to have equal good- neighborly relations. On the contrary, whether we like it or not, consciously or unconsciously, there is a risk that we may find ourselves not in the role of a state, but of a region caught in the trap of the old familiar game in which Macedonia has always had the status of a "fill-in" among the neighbors!

Have we not learned these lessons? Or have those that are now studying history not yet read this chapter?

Georgievski Says Multinationalism Means War

AU1609185594 Skopje MIC in English 16 Sep 94

[Text] Ljubisa Georgievski, presidential candidate of VMRO- DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party of Macedonian National Unity], explained the reasons for his candidature in his promotional speech in Skopje:

"I don't want to live in a nepotistic and corrupted society. Because, I do not want to live with a government that does not know the name of its state, which violates the Constitution, which brings the citizens before an accomplished fact about the changing of the name, the flag, in order to sign all kinds of credits. A government that does not take care about the deserted villages, the empty fields in Kocani. For exactly those reasons, I will do everything to overcome this situation, and everything not to allow personal interests to come before those of the state."

Georgievski explained that the first thing he would do if he became president would be to create a national, instead of a multi- national state. He said that a multinational state automatically meant war. He illustrated this with the example of Bosnia. "Multi- nationalization means federalization and breaking up the Macedonian unity. Today, when all of Europe is making national states, our national elite is proposing multi-nationality. One state belonging to two peoples means war," said Georgievski. "This multi-national concept is leading us to war. A national state does not imply first and second class citizens. The rights of the minorities are determined by the decrees of the international law."

Georgievski criticized the present government, which has turned Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] into a "police state" and said that, if he won the presidential seat he would use the police to fight the mafia, the smuggling of drugs and the polluters.

Ljubisa Georgievski was born in 1937 in Bitola. He graduated from the Belgrade Academy for Theater, Film, and RTV. He has directed more than 120 plays, and some of them were performed throughout Yugoslavia, Poland, Italy, Romania. He is also the director of the films "Under the Same Sky," "The Mountain of Anger," "Republic in Flames," "The Prince of the City." He is the author of the books "Holy Dream," "Exercises in Acting Mastery," "Ontology of the Theater" and "The Political Future of Macedonia." He is the recipient of two highest Yugoslav theatrical awards "Jovan Sterija Popovic" in Novi Sad, six Golden Wreaths at the "Small and Experimental Scenes" in Sarajevo, and the award "11 October' in 1981.

New Editor in Chief Appointed at MTV

AU1609201394 Skopje MIC in English 16 Sep 94

[Text] By the decision of the general director of the MTV [Macedonian Television], Saso Ordanoski has been appointed director and editor in chief of MTV.

Ordanoski was born in 1964 in Skopje. He got his degree in journalism from the University SS. Cyril and Methodius in Skopje. In his long journalistic experience, among the rest, he was deputy chief editor of MLAD BOREC, assistant to the chief editor of the weekly PLUS, and manager of the Skopje branch of the Macedonian Information and Liaison Service (MILS) with headquarters in Brussels.

He is acceding the position of director and editor in chief of the MTV from the previous function of director of the Central Office of the Macedonian Information Center in Skopje (MIC)—information agency of the World Macedonian Congress with headquarters in Geneva.

He has worked with a number of media in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], in the regions of former Yugoslavia, Europe and the United States.

Foreign Ministry Hails Outcome of Haiti Talks

AU1909144994 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 19 Sep 94

[Text] Regarding the events connected with Haiti, the Foreign Ministry of the Republic of Slovenia has issued the following statement: The ministry hails the outcome of events and the mediation of former U.S. President Jimmy Carter. The opinion of the Foreign Ministry is that, as a result of the efforts made by Jimmy Carter and President Bill Clinton, the outcome of events was peaceful, which will make it possible to establish democratic and legitimate authorities in Haiti.

Slovenia also supports all measures of the corresponding UN bodies that would establish democratic authorities in Haiti.

Arms Smuggling to Bosnian Muslims Alleged

LD1909151694 Belgrade TANJUG in English 1407 GMT 19 Sep 94

["Pool" item]

[Text] Ljubljana, Sept. 19 (TANJUG)—The Ljubljana daily REPUBLIKA said Sunday Slovenian army and government officials have been involved in arms smuggling to Bosnian Muslims.

The Slovenian military intelligence is investigating who had usurped the greater part of the total of 70 million German marks (about 47 million U.S. dollars) paid by the Bosnian Muslim government for the purchase of arms, said the daily.

The arms sale affair has prompted not only the Slovenian army authorities to relieve the commander of its elite unit "Moris" and ex-officer of the former Yugoslav Army Tone Krkovic of his post, but a ranking Slovenian government official to flee, the daily said.

The arms suppliers and middlemen included the public-owned firm Sneznik, located in Grosuplje, the hometown of Slovenia's former Defense Minister Janez Jansa, said the daily.

The Slovenian Government will soon discuss the recently uncovered large-scale arms delivery for the Bosnian Muslims, in which the Slovenian Defense Ministry has been involved, the daily said.

The Slovenian parliament budget control department demanded early July from Slovenian Premier Janez Drnovsek and his cabinet to state, by mid-August the latest, how much money has Slovenia earned from arms sales to Croatia and the Bosnian Muslims, said the daily.

A number of Slovenian ranking government officials, even Slovenian President Milan Kucan, had been involved in the arms sales, alleged the parliamentary department in July.

In an attempted political justification, the arms deliveries, worth more than 350 million German marks (about 230 million U.S. dollars), had been presented as Slovenian aid to Croats and Muslims in their fight against the Serbs, said the daily.

Slovenia's dealings in arms were first exposed last summer after the "Maribor affair", when 120 tons of arms and equipment meant for the Bosnian Muslims was seized at the Maribor airport, near the Slovenian-Austrian border, the daily said.

The Ljubljana weekly MLADINA, which has been revealing details of arms sales to Croatia and Bosnian Muslims for more than a year, said that Slovenian Government had received 36 million German marks (about 23 million U.S. dollars) from the Bosnian Muslim Government for that particular shipment.

Hasan Cengic, who had been authorised by Alija Izetbegovic to supply arms for the Bosnian Muslim Army, paid the Slovenian Interior and Defence Ministries the amount of 4.5 million German marks (about 3 million U.S. dollars), said the weekly. He paid more than 30 million German marks (about 30 million U.S. dollars) to the number of accounts in Graz in Austria under the code name of "Dragica", as well as to accounts in Swiss and Hungarian banks, the weekly said.

The United Nations Security Council banned all arms deliveries to all republics of the former Yugoslav Federation in September 1991.

Skoljc Elected Chairman of State Chamber

AU1609163094 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 16 Sep 94

[Text] After some 10 days of interparty games caused by Herman Rigelnik's resignation as chairman of the State Chamber, this morning State Chamber [word indistinct] elections, elected Jozef Skoljc the new chairman: 47 deputies voted for him, two were against, and one ballot paper was invalid. Before the vote, the opposition parties stated that they would not take part in the vote, as had the government party of Christian Democrats.

Peterle Resigns

AU1609163194 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 16 Sep 94

[Text] As we said at the beginning of the newscast, a news conference is under way at the offices of the Slovene Christian Democrats. We have received initial reports that Lojze Peterle has resigned. Gojko Brvar, is it true?

[Brvar] Yes, it is. Everybody expected that some reaction on the part of the Christian Democrats must ensue. The question was only how long the Christian Democrats would need for it. They convened the news conference two hours after the decision, (?that is) the vote. Therefore, after Joze Skoljc became State Chamber chairman, there is now the question whether the Christian Democrats will remain in the coalition and the issue of the Christian Democrats policy. At the news conference today, however, Lojze Peterle said that he was not offering to resign, but that he had actually resigned, and that this was a personal act, as the resignation is connected to events in parliament. Namely, the Christian Democrats do not want the monopoly on power to continue any further. There had existed a monopoly on power, as Liberal Democracy was, after all, holding all the key strings in its hands: from the prime minister to the chairman of the State Chamber, and to the chairman of the State Council. They opposed [words indistinct] monopoly and its candidates, but there was no will to agree on matters, so, as Lojze Peterle put it, such a method must be correctly understood. He also said that this still does not mean that the Christian Democrats [words indistinct] coalition, that the ball is in the court of Liberal Democracy, and when they are in such a position, the Christina Democrats will negotiate on [words indistinct] their political coordination.

[Announcer] Is this all or have any other ministers also resigned?

[Brvar] No, this time it is only Lojze Peterle's resignation as deputy prime minister and foreign minister [words indistinct] and to point out that Peterle said that what is involved is a personal, that is a moral and political act.

[Announcer] Thanks a lot, Gojko Brvar.

Kovacic Selected Minister

AU1709155294 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 16 Sep 94

[Text] In a secret ballot, the State Chamber today elected Bostjan Kovacic minister without portfolio in charge of local self- administration and relations between the government and parliament. Thirty-five deputies voted in favor and 33 were against.

At the government's suggestion, deputies today withdrew the law on [word indistinct] from the parliamentary agenda.

Six Parties Form Coalition for Local Elections

AU1709155194 Ljubljana Radio Slovenia Network in Slovene 1330 GMT 16 Sep 94

[Text] This morning at the Ljubljana City Hall, leaders of the six parties of the Slovene Spring—Marjan Podobnik of the People's Party, Janez Jansa of the Social Democrats, Marjan Vidmar of the People's Democrats, Saso Lab of the National Right, Vane Gosnik of the Greens, and Peter Smuk of the Liberal Party—formally signed an agreement on joint participation at the local elections.

Government Statement: No Fotona Violations

94P21194A Ljubljana DELO in Slovene 5 Sep 94 p 2

[Article by C.R.: "Fotona Did Not Engage in Illicit Trade in Equipment"]

[Text] Ljubljana, 4 September—According to the Government Information Bureau, at the last Cabinet meeting the government was informed about the equipment manufactured by Fotona that was confiscated in Vienna. Based on the data provided, the government concluded that no international conventions or resolutions were violated and that there had been no illegal arms trade, the Government Information Bureau reported.

The Slovene Ministry of Foreign Affairs sent a note to the Austrian Foreign Ministry on 24 August requesting a detailed explanation of the incident as soon as possible. As of 2 September, Slovenia had not received from Austrian authorities any official information on the seized goods. It was clearly determined that the exported equipment had been properly listed under the 9013.80 Customs Tariff items as "other optical equipment," which falls under the LB [Ljubljanska Banka] export regulations, i.e., liberal export. The export declaration was accompanied by the export permit issued by the Slovene Defense Ministry on 17 January 1992 after the Ministry of Industry and Construction had approved the contract for a large quantity of electronic equipment, including the shipment confiscated at the Vienna airport.

Based on the data, the Finance Ministry established that there were no irregularities in the operations of the Customs Service and that there is no resolution or convention that would prohibit the export of military equipment to Iran. The Fotona firm shipped 10 sets of fire control systems for T-55 tanks intended for an Iranian buyer to the Vienna airport. The Austrian police halted the loading of the equipment after it already had been transferred to the Iranian air carrier, and the Austrian Customs Office confiscated the shipment, according to the public statement.

Federal

Lilic Commends Contact Group Plan for Bosnia

LD1909154894 Belgrade TANJUG in English 1409 GMT 19 Sep 94

["Pool" item]

[Text] Belgrade, Sept. 19 (TANJUG)—Yugoslav President Zoran Lilic said Monday that the "Contact Group" plan for Bosnia was a good chance for solving the Bosnian problem without further loss of lives.

"We must not allow a split among the Serbs and it is of major importance to understand that a nation's well-being is a priority over that of an individual," said Lilic during a meeting with World War I veterans from Serbia.

"Today we are striving for peace. We owe this both to you and the young generation. We have always been on the right side, but now we have been forced to prove it," said Lilic.

Ambassador To UN Cited on Recognizing B-H

LD1909220094 Belgrade TANJUG in English 2133 GMT 19 Sep 94

["Pool" item]

[Text] New York, Sept. 19 (TANJUG)—The Yugoslav ambassador to the United Nations has said Yugoslavia can recognize Bosnia-Herzegovina only after a comprehensive peace accord has been signed there. Ambassador Dragomir Djokic said in a letter to the president of the U.N. Security Council that the comprehensive peace agreement had to be accepted by all three Bosnian nations—Muslims, Serbs and Croats.

The letter was a reply to a demand by Bosnian Muslim U.N. Ambassador Muhamed Sacirbej that the sanctions against the Yugoslav Federation of Serbia and Montenegro be eased on condition Yugoslavia recognized Bosnia in its internationally recognized borders. Sacirbej has further demanded that the Muslims be exempted from an arms ban clamped on the former Yugoslavia in September 1991.

The United States has threatened to exempt the Muslims from the ban unless Bosnian Serbs accepted by October 15 the Bosnia division map drawn up by a five-power "Contact Group".

Djokic said Sacirbej's demands were only making the peace process more difficult. Djokic firmly refuted the Muslim allegations that Yugoslavia was guilty of aggression on Bosnia-Herzegovina and was continuing to supply arms to Bosnian Serbs even after the sealing of the common border. Allegations of this kind give rise to doubt if the Muslims are truly interested in peace, said Djokic.

The Yugoslav Government severed all political and economic ties with the Bosnian Serb Republic on August 4 and sealed the common border on the Drina River to all but relief aid traffic after the Bosnian Serbs' rejection of the Contact Group map.

Djokic asked that the Muslim side stop its military operations against Bosnian Serb positions and refrain from statements which deny the Bosnian Serbs' right to equality in the future Bosnian union. If the Muslim side is truly interested in peace, it must not discourage the Serbs with statements that they are not entitled to a confederation with Yugoslavia, on the lines of that promised to the Muslim-Croat federation with Croatia, said Djokic.

Bosnian Muslims and Croats, acting under strong U.S. pressure, signed an agreement in Washington in March to form a binational federation which would subsequently form a confederation with Croatia.

In connection with a Muslim request for making the easing of the anti-Yugoslav sanctions conditional on the extradition of war criminals to the international war crimes tribunal in The Hague, Djokic said Yugoslavia would try all such persons under its laws.

Demands to do anything else are not motivated by a desire to punish the offenders, but to put pressure on Yugoslavia, said Djokic.

Lilic Urges Greater Support for 'Policy of Peace'

LD1909191694 Belgrade TANJUG in English 1905 GMT 19 Sep 94

[Text] Belgrade, Sept. 19 (TANJUG)—Yugoslav President Zoran Lilic on Monday told a visiting British parliamentary delegation that Yugoslavia expected greater support for its policy of peace.

Lilic made the statement in a meeting with Robert Wareing, the head of the British-Yugoslav Inter-Parliamentary Group and a prominent member of the Labour Party, and Lord Taylor Griff of the House of Lords.

"Yugoslavia expects a more active engagement of Great Britain in the 'Contact Group' and the international community, in support of its efforts for resolving the crisis in the former Yugoslavia and demands for lifting the anti-Yugoslav sanctions," he said.

Wareing said that Yugoslavia's policy was reasonable and conducive to peace. He opposed ideas to exempt Bosnian Muslims from the United Nations arms embargo, arguing that it would lead to an escalation of the conflict. Wareing said the exemption would also be seen as encouraging militant Islamic fundamentalism, of which the world had become increasingly aware. He also said that western Europe knew it would be faced with gloomy prospects if the Bosnian war escalated and the sanctions against Yugoslavia were not lifted.

Lord Griff said he saw for himself after visiting two refugee camps and a hospital in Yugoslavia that children were the main victims of the unreasonable policy pursued by the international community in regard to Yugoslavia. He said that the Yugoslav policy of peace had to be supported, because all other options were terrifying.

The British parliamentarians on Monday also met with Slobodan Babic, president of the Foreign Trade Committee of the Yugoslav Parliament's Upper House.

A statement issued after the meeting by the Yugoslav Parliament said the two sides agreed that exempting the Bosnian Muslims from the arms embargo would escalate the Bosnian war and annul the results made in the peace process so far.

Kontic Hails UK Stand

LD1909140794 Belgrade TANJUG in English 1222 GMT 19 Sep 94

["Pool" item]

[Text] Belgrade, Sept. 19 (TANJUG)—Yugoslav Prime Minister Radoje Kontic said Monday he welcomed the British consistent opposition to exempting the Bosnian Muslims from the arms embargo. He said this could play a decisive role in resolving the crisis in the Balkans.

Kontic talked to British parliamentarians—Robert Wareing, heading the Yugoslav-British parliamentary group, and Taylor of Gryfe [name as received], House of Lords member, Yugoslav Government sources said.

The British parliamentarians pointed to the danger of accepting the U.S. initiative to exempt the Bosnian Muslims as this would inevitably result in escalation of the civil war in the heart of Europe, a government statement said. This responsibility, the parliamentarians said, was realized by all European countries, as opposed to some non-European factors whose stands evinced certain simplified approaches, said the statement.

The U.S. has threatened to unilaterally exempt the Bosnian Muslims from the U.N.-imposed arms embargo unless the Serbs in Bosnia accepted by October 15 the map on territorial division in Bosnia-Herzegovina as proposed by the "Contact Group" for Bosnia.

Kontic said that lifting sanctions against Yugoslavia by the international community would at this time be the greatest contribution to peace, according to the statement.

The statement said that in the talks the two sides agreed it was now important for the international community to demonstrate concrete readiness and through easing, that is, gradual lifting of the sanctions to support Yugoslavia's peace activities. [sentence as received]

The British parliamentarians pointed up the courageous move of Serbian President Slobodan Milosevic and the Yugoslav Government in seeking a peaceful solution for Bosnia-Herzegovina and said they were convinced that the Contact Group proposal was just a beginning of the process towards peace.

Yugoslavia, which supported the Contact Group plan, severed on August 4 all political and economic relations with the Bosnian Serb republic and closed the border for all goods apart from humanitarian aid. These measures were taken after the Serbs in Bosnia failed to accept the map on territorial division in Bosnia-Herzegovina.

Prime Minister Meets Libyan Delegation

LD1909160894 Belgrade TANJUG Domestic Service in Serbo-Croatian 1315 GMT 19 Sep 94

[Text] Belgrade, 19 Sep (TANJUG)—Yugoslav Prime Minister Radoje Kontic today received al-Mahmudi al-Baghdadi, the Libyan minister for health and the chairman of the Libyan part of the mixed committee for economic, scientific, and technical cooperation between the Federal Republic of Yugoslavia and Libya.

The meeting was attended by Nikola Sainovic, Yugoslav deputy prime minister and the chairman of the Yugoslav part of the mixed Yugoslav-Libyan committee which is currently holding its 12th regular committee session in Belgrade, the Federal Ministry of Information has reported.

The co-chairmen of the mixed committee informed Premier Kontic about its work so far and stressed their agreement on the establishment of new aspects of cooperation after the lifting of the sanctions. In particular the committee discussed renewing cooperation in the field of health.

Prime Minister Kontic agreed that the main goal of the 12th session of the mixed committee was to create conditions for the intensification of economic, scientific and technical cooperation between Yugoslavia and Libya.

Economic Protocol Signed

LD1909180494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1732 GMT 19 Sep 94

[Text] Belgrade, 19 Sep (TANJUG)—The 12th session of the mixed Yugoslav-Libyan committee for the promotion and development of cooperation in the fields of the economy, science, and technology, ended in Belgrade this evening with a plenary session and the signing of a protocol, the Federal Secretariat for Information has announced.

The Yugoslav side was led at this meeting by Nikola Sainovic, deputy federal prime minister and chairman of the Yugoslav section of the mixed committee. The Libyan side was led by al-Mahmudi al-Baghdadi, Libyan minister for health and social security and chairman of the Libyan section of the mixed committee.

The protocol on the results of the meetings, which was signed by Co-Chairmen Sainovic and Baghdadi, set out in detail the areas of cooperation, and to this end both sides will invest efforts in order to strengthen and develop cooperation in all fields. Agreement was also reached on providing incentives to enterprises for the strengthening of mutual cooperation, especially in the economic, scientific-technical, and financial fields.

The protocol represents a coordination of stances on concrete forms and kinds of cooperation which, it is envisaged, will become more intense when conditions for this are created following the easing or lifting of sanctions, the Federal Secretariat for Information's statement says in conclusion.

Report Suggests Army 'Highly Dissatisfied'

AU2009065394 Belgrade BORBA in Serbo-Croatian 14 Sep 94 p 16

[Report by Miroslav Lazanski: "Dissatisfaction Stronger Than Patriotism"]

[Text] The recent meeting of the Supreme Military Council, at which the financial situation in the Yugoslav Army [JA] was discussed, was held only several days after a very unusual article had appeared in the 25 August issue of VOJSKA [JA newspaper], no. 107. In an editorial entitled "Particular or Regular Officer," the military establishment warns the state leadership for the first time in the third Yugoslavia, that is, the FRY, that as far as financing of the Army is concerned, things cannot go on like this any longer.

Actually, the reason for the officers' concern was the possibility that they might not get their August salaries, because the influx of resources was so irregular. From the beginning of the year to 16 August the JA received 95 million dinars less than planned, while at the same time its total debts to suppliers reached 63 million dinars. As the date approached for the payment of officers' salaries, and as everything was still quite questionable, there followed an instant "exchange of opinions" between the army and the state leadership. In the end, the salaries were paid, but a bitter taste remains, and dilemmas are still present.

The Army claims that this year's expenditure plan is "the minimum of all minimums," that it will manage to stick to it, provided, however, that the inflow of resources improves. The Army understands all the difficulties that the country happens to be in, but the military establishment asks the question: Why does the state leadership support stable financing only verbally, and why do critical situations regarding the payment of officers' salaries occasionally occur? In this context, the comparison stated in the editorial is quite illustrative: 358,475,500 dinars has been apportioned for salaries and other expenditure to the Interior Ministry from the budget of the Republic of Serbia. This information comes from the Official Bulletin of the Republic of Serbia, no. 28, issued on 22 April 1994, while the Official Bulletin of the FRY, no. 24, issued on 18 March 1994, states that for salaries and other expenses of the Federal Defense Ministry (that is, the JA) 221.985 million dinars have been allocated. VOJSKA's editorial stresses that for those figures it is only one simple calculation that suffices, while there can be a thousand conclusions...." [sentence as published]

August has passed. The JA's officers eventually received their salaries, but the problems are not settled yet. In the current circumstances, with our country almost under total blockade, with the war raging in the neighborhood, the JA is increasingly having problems maintaining its military machinery, let alone keeping pace with contemporary technological developments in military equipment. News on accidents with combat aircraft and helicopters is appearing ever more frequently in the newspapers, and there can be only one explanation: The lack of funds for purchasing spare parts, the low standard of living among those who handle the equipment, improvisation, motivation, and the quality of the staff that have remained....

For various reasons, a mass of top experts left the former Yugoslav People's Army [JNA], later the JA, which could not but leave consequences. It is estimated that among the research staff of the former JNA, that is, the JA, more than 250 doctors of sciences left, many pilots (hundreds of them) were demobilized, while many eminent designers have also left. Unable to live on a 250-dinar salary, a world expert on composite rocket fuels leaves the Army and opens a poultry farm. Transport and combat helicopter pilots are leaving for Denmark and Norway, where they can fly for oil companies in the North Sea at $6,000 a month. Top pilots of MiG aircraft are now leaving for the United States, where they will work as instructors in Texas farmers' private flying schools. Tank experts are leaving for Botswana to sell refrigerators and air conditioners. Computer programmers are leaving for Canada or Australia. True, at the beginning they will not work in their field of expertise, but over time most of them will find suitable jobs. The military establishment, of course, does not want to cause any conflict by comparing budgets apportioned to the police and the Army, but the fact that VOJSKA has published these figures means that the Army is highly dissatisfied with its status and treatment, and that officers, particularly younger ones, do not want to hide this any longer. Plain patriotism, invoking the brilliant tradition of the Serbian and the Montenegrin army, is no longer sufficient to stop the further brain drain from the Army, because the media report every day on the general decline of morality, and on the corruption, criminality, rapid acquisition of wealth, and lack of scruples when personal interests are concerned....

How are we supposed to explain all this to a young captain, a pilot of a MiG-21, who is supposed to fly a machine older than himself, having been built before he was born? How is he supposed to fly such a machine for a salary of 450 dinars, plus an allowance for duty hours, with his unemployed wife waiting for him at home, with his housing problem still unsettled, with his children whose education must be paid for, and in addition to all this, if he came from a camp in one of the former Yugoslav republics, without any or with hardly any furnishings? Who is able to explain to him that he has to be patient, to understand the situation that the country is in, as if he were the one who brought the country to such a situation? Of course, what follows are departures from the Army, aircraft accidents, and silent resentment among the staff.

Industrial Output Increases 26 Percent Jan-Aug

LD1909200294 Belgrade TANJUG in English 1844 GMT 19 Sep 94

[Text] Subotica, Sept. 19 (TANJUG)—Governor of the National Bank of Yugoslavia Dragoslav Avramovic said Monday that Yugoslavia increased industrial output by 26 percent in the January-August period.

Speaking at the Agros bank in Subotica, a city in the north of the Yugoslav Republic of Serbia, Avramovic said the result was impressive because the country's industry was operating at half the capacity. Avramovic said he was optimistic about the success of his economic recovery program, launched on January 27 this year, despite the recent rise in the prices of meat, cooking oil and eggs.

In substantiation, Avramovic said that prices had risen only by 1.8 percent since January 27, and that the average industrial growth rate was 3.4 percent a month. Avramovic said economic revival, investments and increased production remained the major goals of the program that put an end to Yugoslavia's monster inflation, stabilized the national currency and revived production.

Economists Warn of Demand-Led Inflation

AU1909194694 Belgrade BORBA in Serbo-Croatian 14 Sep 94 p 12

[Report by Bojana Logar: "Stability on Doping"]

[Text] Recently the Federal Government decided that the future success of the economic program is being endangered by the ever growing pressure that prices and wages should be raised. These days Slobodan Radulovic, deputy chairman of the Serbian Government, is not missing any opportunity to send a message to businessmen that the raising of salaries is unjustified, with an additional warning that such a tendency will be prevented by economic measures. It seems that both governments [Serbian and FRY] have realized that, despite some still favorable statistical reports—in August, for instance, retail prices fell by 0.6 percent compared with July—something is happening in the market that may soon turn inflationary tendencies into a quite concrete inflation.

In the opinion of Dr. Bosko Mijatovic, the basic question is what the optimal level of money is before inflation begins. He recalls that this summer it was claimed that the volume of money could grow to 3.5 to 4 billion dinars, together with a growth in production, without any fear of inflation. Mijatovic believes that this figure is too high and that one forgets that in Yugoslavia the German mark still circulates as a means of payment and citizens' savings are in this currency rather than in dinars, which actually means that in the Yugoslav circumstances the volume of money circulating is actually represented by both dinars and hard currency.

Demand Will Endanger Supply

"As the volume of money grows, inflation impulses gradually increase. It is obvious that the liquidity of the financial system is increasing, which means that in certain sectors there is an abundance of money, which logically gives a boost to the increase of prices of certain goods or services. The current monetary balance is not resting upon a lack of money, but rather on the fact that on 24 January, when the program was launched, the volume of money was effectively reduced to zero, so it was possible to increase it to a certain degree without inflation impulses. Our experience shows that for any normal economic functioning it is necessary to inject around 1.5 billion dinars of new, additional money every six months. It is a question of time as to when the optimal limits in such a practice will be reached or even exceeded. From the point of view of long-term effects, inflation is inevitable, because our unmodified economic system obviously cannot survive without the issue of money and a boosting of the volume of money," Mijatovic believes.

Also some other economists think that this is a fertile soil for inflation. So, for instance, Stojan Stamenkovic stresses that it is still a secret how remonetization ended, just as there are no real data on at what speed money is actually being turned over. The money volume, which has now approached the figure of 2 billion dinars, and is perhaps now well-balanced in terms of business requirements, may suddenly become too large if it comes to any commotion on the market or increased demand for certain goods, as is happening with oil these days, particularly if this occurrence spreads to a broader range of products. Stamenkovic also feels that we are approaching a moment when demand will exceed supply and prices will start going upwards. In his opinion, so far they have been steady also because a large mass of expenses has been held at a lower level through depressed prices in the infrastructure, of course at the cost of eroding the capital in those sectors. However, since the issue concerns state-owned firms, somebody will have to pay the bill, which then opens a wide spectrum of questions, in the first place the question of real budget deficits and way of their financing. "True, the National Bank of Yugoslavia has applied a somewhat better technique, providing means for electricity companies by rediscounting its commercial entries [komercijalni zapisi], but in fact it is the same as if selective loans were being allotted from the budget," Stamenkovic explains.

Prices Do Not Cover Expenses

"If there were no demand for certain goods, it would be logical for their manufacturers to lower their prices. However, they will do this only until they reach prices that still permit a meager profit, and even below that level," Stamenkovic explains.

The example of oil shows that even when the price cannot cover expenses, it still increases regardless of how copious the supply is. A similar thing happened with the so-called protected price of wheat, which is higher than elsewhere in the world, but farmers claim that even with such a price they are not able to make a profit, because, given the blockade, their expenses are extremely high, particularly regarding manufacturing materials and fuel. Even though supply is copious, there is again an upward pressure on prices, because costs have remained too high, and there are certainly many such examples in the economy.

The fact is that the industrial production has increased relatively rapidly since the program was launched. But it is also a fact that it has reached only half of the output of the first half of 1992. At the same time wages have reached the same level they had in the first half of 1992, which clearly points to a possible discord between supply and demand. "In the past three months wages have increased by 17 percent on a monthly basis," Stamenkovic recalls. "If they increased only by 5 percent monthly in the next five months, the annual level of wages would exceed by 20 to 25 percent the room allowed for wages in the GNP. The effect of this would be twofold," Stamenkovic stresses.

According to him, on the one hand demand would be formed that would be too high for the existing commodity funds, while on the other, such wages would mean extremely expensive work for firms that already have evident surpluses of staff. One should not forget also that wages are still burdened by high taxes and deductions. According to reports that will be issued in the next survey of economic trends issued by the Institute for Economic Sciences, fiscal revenue (although there are deficits in some fields, such as the pension fund) is generally increasing beyond the extent anticipated by this year's economic policy. "For that reason," Stamenkovic emphasizes, "it is precisely wages where it is necessary to cut deductions and taxes, in order to prevent high labor costs from becoming a possibly dangerous inflationary factor."

Auto Maker Negotiates Cooperation With Renault

AU1909094594 Belgrade BORBA in Serbo-Croatian 7 Sep 94 p 13

[Report by Z. Radovanovic: "Negotiations Under Veil of Secrecy"]

[Text] According to information provided by Zastava's protocol service, a multimember delegation from the French Renault firm visited the Zastava automobile factory early this week, where it held lengthy talks with Zastava officials yesterday and the day before yesterday.

Our sources say that the directors of all departments of the greatest automobile manufacturing firm in the Balkans have introduced Renault's managers to the technical-technological and developmental potentials of their production units. In Kragujevac the visit is regarded as top secret state business, so that it is impossible even to find out the names of the famous French automobile manufacturer's representatives visiting Kragujevac. According to early statements, two managers of Yugoslav origin were supposed to be in Renault's delegation, but whether they have arrived with the rest of the delegation in the Serbian "Detroit," is still not known.

In Zastava, and not only there, expectations are high regarding talks with the Renault delegation; on the other hand, there is a certain amount of skepticism and suspicion because it is known that the fate of the domestic automobile industry was rather uncertain even before the sanctions imposed by the international community. Its deterioration started much earlier than the isolation of Serbia and Montenegro, and now the embargo has only almost finished it off. Today, Zastava only manufactures cars according to prime time news broadcasts of Radio-Television Serbia. In reality, Zastava produces only several hundred incomplete cars every month, which are still languishing on the factory's lots.

After all, Zastava management is also aware of the factory's shaky prospects, even though, or perhaps precisely for that reason, Dr. Dragoljub Micic recently quite optimistically announced talks on cooperation with a foreign firm with which Zastava has never before cooperated. Now it has become clear that the new foreign partner is supposed to be French Renault, although Zastava's management emphasizes that it does not want to neglect cooperation with Italian Fiat, which has been in place for decades. However, judging from the length and seriousness of current negotiations with Renault, it seems that Zastava is giving priority to the French firm, which means that it expects to rescue the domestic automobile industry.

According to already announced plans, after the lifting of the sanctions and with the help of the foreign partner, with whom a joint, combined firm would be probably founded, Zastava could manufacture, or rather assemble, between 120,000 and 150,000 cars. This is precisely how much our own market and those of neighboring countries can consume. Still, the main reason for concern for some Yugoslavs with regard to current talks between Zastava and Renault representatives is the knowledge that the famous automobile giant is also struggling with problems these days.

Serbia

Smuggling of Uranium to Serbia Alleged

94BA0403A Zagreb GLOBUS in Serbo-Croatian
5 Aug 94 p 9

[Article by Eduard Popovic and Karlo Jeger: "The Serbian Defense Industry Is Working Very Fast on the Project of a Uranium Penetrator for Tank Cannon!"]

[Excerpts] Can Serbia build a low-power nuclear device, what is called a "small dirty bomb"?

The general technological level of its industry is very low, but the scientific potential has been developed for decades in the institute in Vinca.

Can Serbia obtain the assistance of refugee Russian experts?

Although there is no confirmation that they have arrived in Belgrade, there has been no trace of some 60 of them since they left to go abroad.

Does Serbia have suitable delivery systems for a nuclear projectile?

Its armament includes the FROG-7 projectile, which is not very accurate and does not have sufficient range, and the MiG-29, which carries a 30-kiloton bomb, but the Serbian MiG's do not have the fittings required for that payload.

Did the former JNA [Yugoslav People's Army] ever attempt to develop a nuclear weapon, have such plans remained in Serbian hands?

Two projects for missiles with medium ranges of 120 and 450 kilometers were developed in the Military engineering Institute [VTI] in Belgrade and Energoinvest in Sarajevo, and the missiles had the specific purpose of carrying a chemical or tactical nuclear warhead.

Can Serbia develop a weapon that would use enriched uranium?

The uranium penetrator on the 125-mm subcaliber ammunition for the cannon of the M-84 tank, developed for the Russian T-72 tank, could be manufactured in one of the Serbian weapons factories.

We have learned from well-informed sources close to the top level of government that Serbian scientists at the Boris Kidric Institute (IBK) in Vinca have begun separating uranium-238 and plutonium-239 from the radioactive waste of the nuclear reactor that has accumulated over several years. Aside from the highly radioactive waste from Vinca, it is also suspected that an additional quantity of nuclear waste has been brought in by sea through Montenegro and stored in the underground pools at the IBK. The report mentions that Yugoslavia has been intensively collecting highly radioactive materials since 1976, when the reactor at Vinca was overhauled, and that so far Serbian scientists have managed to separate enough radioactive material for three "small dirty" bombs.

At the same time, according to a report in AFP on 24 July of this year, the police of the so-called SR Yugoslavia [Federal Republic of Yugoslavia] thwarted "an attempt to smuggle radioactive substances with possible military application" in Nis. The police, according to the report of AFP, are said to have confiscated 1600 grams of red mercury, which is used in making nuclear bombs, and they arrested five people. The red mercury was smuggled from Bulgaria, and its value was about $120,000.

These reports could mean that Serbia is processing nuclear waste for its own purposes, that is, to make weapons, or it is processing nuclear waste to meet the needs of Iraq or some other country, or on the other hand it has become a transit storehouse for nuclear waste in an international illegal trade network, which is a dirty, but lucrative, business.

So, can Serbia manufacture its own nuclear weapon?

In the former Yugoslavia there were three institutes covering the field of nuclear science: Joze Stefan in Ljubljana, Rudjer Boskovic in Zagreb, and Boris Kidric in Vinca, near Belgrade. A nuclear reactor which is in operation even today was purchased in the fifties from the USSR to meet the needs of the institute in Vinca.

The Boris Kidric Institute was founded in 1948. Later, particular credit was paid on anniversaries and other ceremonial occasions to Pavle Savic, member of the academy, Boris Kidric, and Josip Broz for the institute's establishment. The IBK has recorded several important successes in the nearly half-century of its existence. Thus, nuclear fission was sustained in a chain reaction in 1958 at Vinca. That is, the first Yugoslav reactor went into operation, was designed, and was manufactured on the basis of the experience and knowledge of the IBK researchers, from domestic material, including the manufacturing of the nuclear fuel elements, while the moderator, heavy water, and natural uranium to make the fuel elements were procured from the USSR. In time that reactor was improved, and programs related to the technology of the fuel cycle and mastery of techniques for the construction of nuclear installations were run on it.

A few years later, in 1963, the institute produced a prototype for a nuclear reactor, which was obtained from the uranium ore of a mine in Kalna. The first Yugoslav uranium mine went into operation that year at Kalna, and its installations were manufactured in the Bureau for Nuclear Raw Materials in Belgrade. In 1966 six years of work by a team of IBK experts (Dr. Ivan Gal, Aleksandar Ruvarac, Djordje Petkovic, Aleksandar Tolic, Ivanka Paligoric, and Vlastimir Bulovic) resulted in the first amounts of plutonium obtained from the nuclear fuel of the reactor in Vinca. Three years later a sizeable quantity of nuclear fuel, from which plutonium was also obtained, was processed in collaboration with what was then Czechoslovakia.

The team in Vinca, which was headed by Dr. Djordje Petkovic, produced small quantities of uranium in 1981 from phosphoric acid produced at Zorka Chemical Industry in Sabac. A decline in research at IBK was noted in the late 1980's. Dr. Naim Afgan, scientific adviser at that time, made this comment: "The last serious investment project at the institute was completed in 1965. A science organized in a modern way cannot be built on outdated equipment, and most scientists at Vinca opted for individual programs which depend only on their abilities and interests." At that time there was no mention as yet of serious production of new radioactive isotopes. This is indicated by a statement from Dr. Djordje Jovic, at that time IBK director, who said that they were just coming within sight of the production and application of plutonium and the transuranide series.

In spite of the time and considerable funds expended, and in spite of the fact that in 1989 the IBK employed 1200 people, among them 160 with doctoral degrees and 120 with master's degrees, over a period of 40 years the Yugoslav scientific potential and technological level proved not to be up to solving the problem of producing a nuclear weapon of its own. The experts we talked to doubt that anything has changed, doubt, that is, that Serbia can produce a nuclear weapon today. The usual argument is that Serbia's technological level is lower than that of the former Yugoslavia and it has a shortage of nuclear specialists. And even if by some chance they manage to produce a nuclear warhead, one military expert said, they would have to have delivery system to take it to the target in order to use it.

It is known on good authority that the Serbs do possess two types of weapons which are potential carriers for nuclear warheads: these are the FROG-7 surface-to-surface missiles (Russian designation Luna M) and the MiG-29 fighter-bomber.

Missiles in the FROG-7 series were produced in the former USSR between 1956 and 1967. The missiles procured by the JNA were manufactured in 1965, their service life has mainly expired, and many modifications have been made on them in order to extend their useful life. In spite of many modifications, there is at present no reliable data, nor can we assume, that the standard range of those missiles, which is 65 kilometers, has been increased. It cannot be said that the modifications have increased their accuracy. The error of the missile's striking point at the extreme end of the range is about one kilometer. Up to now the Serbs have used this tactical missile with a conventional warhead filled with explosive only as a means of reprisal against the civilian population. Reliable diplomatic sources say that the Serbs do not have either a nuclear warhead or warhead filled with toxic chemicals for this missile.

In addition to conventional weapons, the MiG-29 fighter can also carry a nuclear bomb weighing 2,000 kg with a power of 30 kilotons. Soviet tactics for the use of these aircraft called for them to be used as carriers of atomic bombs, first, in attacks against airfield installations of NATO and ground systems for medium- and long-range air defense. A bomb weighing 2 tons and nearly 2 meters long was used in exercises in the Kara Kum Desert. The detonator for that bomb and certain technical designs were copied with improvements from conventional U.S. bombs used in Vietnam in the 1970's.

The atomic bomb is dropped from the MiG-29 in a maneuver known as "over the shoulder." The aircraft approaches the target at low altitude. Above the target, at an altitude of 80 meters, almost at the speed of sound, it begins a steep climb with a g-force of five. At an altitude of 1,200 meters and at an angle of 120 degrees, when the plane is upside down, the bomb is ejected. After the half-loop maneuver is performed, the pilot has one minute to leave the zone of fatal radiation.

Help of a Foreign Partner Is Necessary

Serbian MiGs, however, do not have the necessary fixtures for carrying the nuclear payload, not do they have the protective equipment for the pilot. Russian instructors have not drilled Yugoslav (Serb) pilots in performing this sophisticated maneuver to aim the atomic bomb at the target. Were the Serbs to solve the problems referred to and to produce a nuclear bomb, they could threaten their neighbors within a radius of 500 km from the takeoff point.

There have been many attempts to master and produce a Yugoslav medium-range missile that would carry a nuclear or conventional warhead. One of the last in the former state was the attempt of a team of scientists in Belgrade who worked on the project of a medium-range (120 km) missile with a tactical nuclear warhead. The project bore the code name ARS-120, and it was headed by Gen. Obrad Vucurevic. This was to be an unguided missile, since the level of precision mechanics and electronics did not allow anything more than that, and Vucurevic, a devotee of the old school, could not imagine the electronics experts "becoming involved." The project ate up a fair amount of money, but in the end it was abandoned.

At the same time, there was a similar project at Energoinvest in Sarajevo, where a guided missile with a range of 450 km was developed. This project, which was headed by Dr. Ejup Ganic, involved UNIS and Iskra of Kranj among others. Because the level of technology was not sufficient, this project was also shut down.

However, work on super-powerful missiles is only one of the directions in the present-day development of nuclear weapons. Another direction, equally important and obvious, is to develop extremely low-power missiles.

That is why some of the news reports that they are separating plutonium-239 (Pu-239) at Vinca are drawing attention. That is, it is used to fill low-power nuclear missiles which can be launched in the form of artillery shells. these weapons can be compared in the power of their explosion to conventional aerial bombs in WWII. These are tactical nuclear weapons which have a relatively weak mechanical and thermal effect on personnel, but very strong nuclear or neutron radiation.

The radius of the shock wave of such a weapon is 240 meters, the thermal radius for second-degree burns is 300 meters, the radius of gamma radiation is 435 meters, and that of neutron radiation 750 meters. The figures on the neutrons indicate the kind of weapon we are referring to. At a distance of 240 meters from the explosion's zero point it is 22,000 rads, within the radius of second-degree burns the neutron dose is 10,000 rads, and at a distance of 435 meters from the explosion's zero point, it has a value of 2,200 rads. The absolutely lethal dose of neutron radiation is about 600 rads. This means that with ideal thermal and mechanical protection against a low-power nuclear explosion within the radius of the lethal dose of neutrons, human casualties would be 100 percent, and there would be no damage to military equipment and nearby structures.

There are sufficient potential delivery systems for such a nuclear missile in Serbia, but the nuclear reaction still remains an insoluble problem. The most the Serbs can produce in this field today, says one expert, is some kind of "dirty" missile, that is, conventional artillery ammunition to which powdered uranium would be added in the process of casting the TNT. Separating uranium from tailings is a mechanical process which can be devised in an ordinary cement plant. Ball mills would grind up the yellow cake to powder, and then repeated fractional separation would separate the uranium from the tailings as the heavier particles tend to fall to the bottom. A further step towards an atomic bomb is to separate the uranium into its isotopes, which the Serbs cannot solve. Instead, they can produce the "dirty" missile referred to in ordinary casting.

The area on which such a projectile fell would be contaminated. and the radiation would be long-lasting. This kind of "warfare," however, would be altogether senseless even from the Serbian standpoint, since if the Serbs fired such a missile somewhere in Bosnia and Herzegovina or Croatia, the wind, rain, groundwater, and rivers would carry the nuclear particles to the areas they occupied.

Taking everything into account, the conclusion can be drawn that the Serbs need the uranium to make subcaliber ammunition for tank and antiaircraft guns, and possibly even infantry ammunition. Over the last ten years or so, that is, depleted uranium has been used in the world to make subcaliber projectiles which some experts believe to be the most effective means of destroying a tank.

This ammunition consists of three basic parts: the case, containing the payload, the penetrator, and a retaining ring. The spike-shaped penetrator was made of steel in the first versions, and then of tungsten, but today quite a few countries are using depleted uranium to make the core of the penetrator.

At the same velocity of the blow against armor. subcaliber projectiles with depleted-uranium cores have a higher piercing ability than those with a tungsten core. Given the potential hazard of radiation and the harmful effect of uranium on personnel and the environment, designers and producers of subcaliber ammunition are not in agreement about the uranium core. British, French, and Russian research teams prefer depleted uranium, while the Germans and Israelis have stayed with tungsten. The Russian technology is of greatest interest to the Serbs for various reasons. First of all, because of the identical caliber (125 mm) of Russian T-72 tank's cannon and its Yugoslav modification, the T-84. The Russian organization Mashinostroitel has also manufactured the subcaliber 3BM32 projectile with the same caliber and a penetrator of depleted uranium, which weighs seven kilograms and pierces armor 260 mm thick from a distance of two kilometers at a striking angle of 60 degrees.

Experience Under Socialism

It is not very likely, then, that Serbia could produce a nuclear weapon today, since it was unable to do so even with the help of the Slovenian, Croatian, and Bosnia-Herzegovinian economies and the experts from those states. What is more, more than 200,000 young people, those with the best education, most of them with a technical education, have left Serbia in the last three years, according to what the Serbian media have written.

The disturbing thing is that nuclear weapons can be purchased. This possibility has been especially enhanced since disintegration of the USSR. A frightening outflow of nuclear experts, nuclear technology, nuclear weapons, and radioactive materials has been recorded from there. [passage omitted]

There is no confirmation of the supposition that refugee Soviet experts are working on the separation of uranium and plutonium in Vinca and that some of the Soviet technology has been delivered to that institute.

Finally, one expert says, it is not very likely that the country which organized a symposium on mastering the complete overhaul of the T-55 tank will soon solve the problem of the nuclear reaction and produce its own nuclear weapon.

The news is more probably accurate that Serbia has become a nuclear dumping ground for countries which do not want their own waste. This waste is stored in geologically stable regions. An abandoned salt mine is the most ideal place. the old and unprofitable mines in Kosovo are those most suitable for that purpose in Serbia!

Court Gives Suspended Sentences to Seselj, Others

LD1909151794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1318 GMT 19 Sep 94

[Text] Belgrade, 19 Sep (TANJUG)—The criminal council of the First Municipal Court in Belgrade, presided over by judge Nebojsa Zivkovic, today sentenced five federal deputies of the Serbian Radical Party for an incident in the Federal Assembly on 18 May this year.

For hindering an official who was trying to carry out his duties, or rather preventing assembly security staff from removing Drasko Markovic from the assembly, Vojislav Seselj and Drasko Markovic received eight-month prison sentences, to be served if they commit any offense in the next three years; Filip Stojanovic and Milorad Jevric were given four-month prison sentences, to be served if they commit any offense in the next two years; and Slobodan Petricevic was given a six-month prison sentence, to be served if he commits any offense in the next two years.

The sentenced Radicals also have to pay 500 dinars each in legal costs within the next 15 days.

At the end of the trial, Vojislav Seselj told journalists and the assembled public that during the probationary period ahead they will "commit another thousand such crimes because the honest individual's place in the Slobodan Milosevic regime is in prison" and that they want to go there but that "the court lacks the courage" to send them.

Commentary Analyzes Impact of Agani Resignation

AU1909202594 Belgrade Radio Beograd Network in Serbo-Croatian 1545 GMT 19 Aug 94

[Commentary by Milivoje Mihajlovic; from the "An Argument More" program]

[Text] Although it came as a bolt out of the blue, the resignations of Dr. Fehmi Agani and Edita Tahiri, members of the top leadership of the Democratic League of Kosovo [LDK], does not represent a big surprise for those familiar with political events in Kosovo-Metohija. Changes in the leadership of Rugova's party had been anticipated some time ago, but the media treated the waverings in the party as mainly a conflict between leader Ibrahim Rugova and Bujar Bukoshi, prime minister in exile.

The reason for the conflict was found in the disagreements over the election of the head of the Tirana bureau of the phantom republic of Kosovo. The latest development shows that the crisis in the largest party of the Kosovo Albanians is much greater. The departure of Fehmi Agani, who had been an ideologist of not only the LDK, but also the entire political movement of Kosovar Albanians, is explained in Pristina in several ways. The leadership of the LDK is trying to give the impression that this is a normal reform, after which the party, they claim, will become stronger. There are also those who claim that this is the strongest blow so far to Rugova's party, because Agani had been more than the first aide to the party leader. He is credited with calming the radical factions among the Kosmet [Kosovo-Metohija] Albanians. It is also claimed that it was Fehmi Agani, not Ibrahim Rugova, who was at the helm of the Albanian political ship.

Agani's reasons for leaving the party represent a major enigma for analysts of political events in Kosmet. It is claimed that the election of the new party presidency was the last drop that made the cup of his dissatisfaction run over. The presidency of Rugova's party now consists of a fair number of new members, many of whom are former political prisoners who began their political careers as members of Marxist-Leninist groups, and who, by advocating classical Marxist ideas, fought for the republic of Kosovo. It is thought that their arrival makes the LDK more radical and that in this ambience a moderate ideologist like Fehmi Agani has no place. There are also those who think that Agani has left because he had worked out that Rugova's policy is at an impasse. By trying to strike a balance between the passive resistance and the internationalization of the Kosmet issue, the policy found itself in a hopeless situation.

The only way for the Albanian political movement to survive is rapprochement with Serbia. Rugova's team cannot do this, because they promised independence to their compatriots. Rapprochement with Serbia means the disappearance of Rugova's policies from the stage. It is therefore claimed in Pristina that the shadow leader, Fehmi Agani, had realized this before anyone else and that he dissociated himself in time. One should recall that it was in fact Agani who was in charge of the first talks with the Serbian Government representatives on the problems in education. His officially unofficial meetings with influential Serbian politicians are not being ignored here either. Some are prepared to claim that this is the main reason for the break with Rugova. There are also those who are convinced that Dr. Fehmi Agani, who symbolizes the continuity of the national policy of the Kosovar Albanians, will assume a prominent place in the political movement of the Kosovar Albanians that will start the inevitable process of rapprochement with Serbia.

Therefore, the view here is that Agani has gone in order to return.

Kosovo

Rugova Calls For International Presence

AU1909111494 Tirana RILINDJA in Albanian 10 Sep 94 pp 1,3

[Report by Y. Avdiu on news conference by Ibrahim Rugova, president of the Republic of Kosovo, with foreign and domestic correspondents in Pristina on 8 September: "Political Resistance Is Also Sacrifice"]

[Text] Unfortunately, the situation in Decan the day before yesterday was dramatic and dangerous, after the Serbian police murdered Mrs Violete Dervishaj in her own home. In Decan, the situation in education has become increasingly tense in recent days, with the seizure of the school. For a time, Decan was blockaded by the police and without telephone links. Yesterday's incident could have escalated into a massacre. We therefore draw attention, not out of fear but in order to indicate the real balance of forces, to the fact that massacres can happen anywhere and on any scale. Dr. Ibrahim Rugova, president of the Republic of Kosova, began yesterday's news conference by warning Serbian citizens and residents in Kosova not to join in such provocations, because we have continual reports that Serbian refugees from Albania, housed in the Decan holiday camp, are mounting provocations of this kind.

He expressed condolences to the Dervishaj family of Decan.

Talking about the repression, he said that raids on the pretext of searching for weapons have continued in the areas of Gllogoc, Shtime, Vushtrri [Vucitrn], Mitrovice, Ferizaj [Urosevac], Prizren, Malisheve, Prishtina, Istoq, Kamenice, Lipjan, and Viti. There was police intervention in the village of Nikoc near Gllogoc, and residents were mistreated because of the unexplained murder of a forest ranger. This murder, Dr. Rugova said, is being used as an excuse to manhandle people, especially activists of the Kosova Democratic Alliance [LDK].

Systematic Police Violence

The president of the Republic of Kosova said that repression in education had been continuing since the start of the new school year. Since 1 September, 20 teachers have been beaten in Mitrovice, while Shefqet Beqiri, director of the Medical High School, has been sentenced to 20 days' imprisonment.

He also condemned the forced recruitment into the Serbian Army or Shemsedin Spahia from Ojilan and Imor Rodvorica from Poduieve. Elez Agushi, a Romany Gypsy, died in the Serbian police station in Gjilan from unknown causes, and violence against LDK activists has been incessant. Idriz Blakaj, member of the presidium of the LDK Istog branch, was beaten up yesterday, and Halit Berani was beaten in Mitrovice.

President Rugova also mentioned as a variety of repression the closure and looting of a number of clinics in villages round Podujeve, where it is well known that the people themselves built these clinics.

The president of the Republic of Kosova condemned the Serbian police's mistreatment of the writer Nazmi Rudari from Podujeve, who is also an LDK activist. He demanded the release of all political prisoners and an end to political trials. He called for the release of Ukshin Hoti, chairman of the Party of National Unity, and of the officials of the Kosova Chamber of Commerce.

Bearing in mind all this repression, Dr. Rugova demanded that Kosova be put under international protection and called for a greater international presence in Kosova. He called for any lifting of the sanctions against Serbia and Montenegro to be made conditional on solving the Kosova question. If confederal ties between the Bosnian Serbs and Serbia are to be recognized we demand the legalization of such ties for others too, that is, for the Albanians, with ties between Kosova and Albania, Rugova said.

He repeated his demand for Greece to be more moderate toward Albania and the Albanian people and expressed regret at Pope John Paul II's failure to realize his visit to Sarajevo. As the holy father himself said, we hope that this visit will be made as soon as possible. The visit would be of symbolic importance for Sarajevo and for the peoples of the Balkans, Dr. Rugova said.

The Voice of America correspondent asked whether the current deterioration of Greece's relations with Albania affected the interests of the Albanians of Kosova.

Dr. Rugova said that any deterioration of relations in the Balkans involving Albania also affects our interests, and added that the Albanian people are becoming integrated and are realizing that all Albanians in the Balkans have and always have had common interests. We have therefore asked for Greece to show moderation and have also asked the international community to exert influence on Greece so that it may play a positive role.

The journalist of Belgrade's Radio B92 asked whether what she had heard during her several days' stay in Kosova was true, that there was a split within the LDK leadership and over the LDK leader.

President Rugova replied that there is no split in the LDK. Problems and ways of solving them are being examined in a normal way. In spite of the serious situation that we have here in Kosova. We are trying to cultivate a democratic spirit of criticism and tolerance. Criticisms are no heresy and I do not want them to be interpreted according to the logic of the old system, in which nobody could speak. Of course, the situation separates criticism that is positive from that which is not. I do not accept self-criticism, but only criticism, he said.

The ZERI journalist asked for Dr. Rugova's opinion on Switzerland's warning of the repatriation of 150,000 Albanian refugees from Kosova.

Dr. Rugova said that Switzerland has promised that cases will be considered individually and that there will be no mass deportations. I as president, the LDK, and our institutions will all consider this matter. We do not currently have detailed information on it, he said.

The Radio Skopje correspondent, after observing that repression has recently increased, asked whether the Albanian policy of peace will be reconsidered.

There are discussions among the political parties and institutions of Kosova about how to act. Not only the policy of peace, but political resistance represents a sacrifice. Any other path would be catastrophic. People are therefore standing firm, resisting, and making sacrifies, despite all this violence, Dr. Rugova replied.

No Serious Sign of Dialogue

Radio B92's correspondent asked whether there is any chance of starting dialogue with Serbia and whether Dr. Rugova will continue to insist on international mediation.

Dr. Rugova said that, as for dialogue, there are no serious signs of such a thing. It is a good thing that both the Albanian and Serbian sides are talking about it. We insist on the authorized mediation of a third party from international institutions, such as the EU, the United Nations, the United States, or Russia. This is not a condition, as some claim, but more a technique for dialogue and a guarantee for the success of the dialogue, the talks, and the agreements.

The journalist from Belgrade Television, after saying that the previous day had been the fourth anniversary of the approval of the Kacanik Constitution, asked what the results of the Albanian movement during this time had been.

The approval of the Constitution of the Republic of Kosova was an important step. Much has been done since then. We have succeeded in organizing ourselves, in organizing the referendum for independence in 1991, and then the free elections in 1992. We have also succeeded in operating our own institutions such as the education and health systems, and sports. There is active solidarity among the Albanians and other citizens here in Kosova. Under the circumstances, we consider that we have accomplished a great deal, Dr. Rugova said.

Cosic Called for Kosova's Partition

The BORBA journalist asked for Dr. Rugova to comment on a statement by Ilaz Ramajli for Voice of America, in which, according to the journalist's quotation, Mr. Ramajli expressed fear of the possible partition of Kosova.

Dr. Rugova said that the partition of Kosova is unacceptable. Dobrica Cosic even put forward this idea officially, when he was leader of self-styled Yugoslavia. His idea was not accepted. As a Serbian intellectual, he continues to put forward this idea, which, as I have said, is unacceptable to us.

The journalist of the Belgrade weekly NIN asked whether it is possible that the international community will reach an agreement with Milosevic, leaving Kosova to him as an internal matter, for the sake of the Bosnian Serbs, and whether anybody had put pressure on Rugova for this.

Nobody has put pressure on us. It is clear to the international bodies dealing with the question of the former Yugoslavia that Kosova cannot be compared to the Serbian regions in Croatia or the question of the Serbs in Bosnia. Kosova was a constitutive part of the former Yugoslavia and must be considered at an international community and Serbia is possible, he said.

The HINA journalist commented that a delegation from Croatia's office in Belgrade had visited Kosova last week and said that this had been the highest level delegation from any part of the former Yugoslavia to visit Kosova. He asked for Rugova's comments on this.

This was an important visit. The delegation was here to see the situation in Kosova and to consider the opportunities for cooperation. They were interested in Croatian citizens and their fates in several places in Kosova. We promised them that we will protect them as far as we can, Dr. Ibrahim Rugova, president of the Republic of Kosova, said at the end of yesterday's news conference.

'Consolidation' of Albanian Political Scene Urged

AU1909112194 Tirana TVSH Television Network in Albanian 1635 GMT 17 Sep 94

[Report by Qani Mehmedi in Kosovo]

[Text] More open than ever during the four past years, a question was put forward in Kosova the last week: What has happened in the political scene and life? What should be changed in the methods of its activity so as to more efficiently accomplish the will of the Kosovar people expressed through a referendum?

The election of a new presidency of the Kosova Democratic Alliance [LDK], the largest Albanian party in Kosova, was held last Tuesday [13 September] and was received with extraordinary interest. The public curiosity was even more aroused by the fact that two members of the presidency of this party, Dr. Fehmi Agani and Edita Tahiri, resigned from the presidency right after being reelected, for no convincing reason. This act raised questions from everyone: Are we very quickly tiring of the political battles and liberation activity at this very grave time for Albanians, wherever they are? Dr. Rugova said that these two resignations will very soon be examined in the general council of the party. However, they should be understood as a normal act in a democratic society. Meanwhile, there will be no split in the LDK, President Rugova said.

At the same time, President Rugova and Prime Minister Bukoshi, after the [word indistinct] in the Kosova representation in Tirana, explained for the public that there are no big disagreements, neither in the relation of president-prime minister nor in that of the LDK-government.

Despite this, no few political activists have expressed the opinion that a more effective consolidation of the political scene in Kosova is very necessary. Even more, there are increasingly frequent voices on the need to review the Albanian political scene in these areas. There are some, like academician Rexhep Qosja, who insist on defining a global platform for resolving the Albanian question in the Balkans.

Despite all this, almost no one, be they party leaders or renowned intellectuals, thinks that in the Kosovar political scene there is controversy on the foundation of the political strategy led by president Rugova. Thus, all are of one mind in consolidating the Albanian world for the expeditious independence of Kosova from Serbia. Despite this, there is an impression that we are too preoccupied with ourselves and the political component in Kosova should rather spend this energy in expelling the Serbian occupiers from these territories. However, this too should be calculated in the efforts for the stronger national and political consolidation of the Kosovar people for liberation.

Agani Resignation Seen as 'Hasty Step,' Retreat

AU1909112394 Tirana TVSH Television Network in Albanian 1635 GMT 18 Sep 94

[Report by Mehmet Haziri]

[Text] Be it tomorrow or later, the LDK General Council, as warned by President Rugova, will examine the resignations presented by Dr. Fehmi Agani, hitherto LDK deputy chairman, and Edita Tahiri, presidency member of the largest party of Albanians in Kosova. Though their resignations from the new composition of the presidency should be understood as LDK's internal affair, they do not occur without reverberation and surprise not only in the membership of their party but also in the Albanian political sphere.

There have been various comments on this, starting with those who consider these resignations as normal behavior for this period of the democratic and pluralist development in Kosova and continuing with assessments that their actions reflect fatigue or even a withdrawal from the forefront of the movement, which should by all means be strengthened with new cadres and effective action.

Justifying his resignation, Mr. Agani stresses that his withdrawal does not mean that he rejects solidarity with the LDK and its policy. However, his step will not escape negative assessments. No one denies Mr. Agani's contribution to the development and functioning of the LDK and to the unity created in the Albanian pluralist political scene in Kosova, but someone assesses his resignation as a hasty step. All the more, when it is known that over the four last years Dr. Agani has been Rugova's closest aide.

Apart from this, President Rugova said, it is very certain that these two resignations cannot cause a split in the LDK and, in the long run, they are a free act of every activist. It is a natural right of everyone, that is, of Dr. Agani, too, to express dissatisfaction about the course of his party and raise his voice against shortcomings and groupings, as he stressed in the statement justifying his resignation. However, it would have also been more fair and useful for him to have committed himself, together with the new forces, to eliminating the shortcomings and ensuring the greater efficiency of the party and the Albanian movement in general.

It is not a praiseworthy act for any of the present Albanian cadres to retreat before the current obstacles at this stage of our development. There is still time to rectify hasty actions and the most proper moment and time is the meeting of the LDK General Council, in which unity and solidity should be preserved by all means. Kosova is under occupation and it is fatal to waste time being preoccupied with ourselves.

Montenegro

Albanian Minority Leader Describes Discrimination

AU2009145894 Tirana RILINDJA DEMOKRATIKE in Albanian 15 Sep 94 p 2

[Unattributed report: "The Albanians of Montenegro Asking for Status"]

[Text] In Ulcinj, the chairman of the Democratic League of Albanians in Montenegro, Mehmet Bardhi, and his associates met with the first secretary of the German Embassy in Belgrade, Thomas Schmidt. The German guests were told about current political developments among the Albanians, and particular reference was made to the Memorandum on Special Status issued two years ago by the Democratic League and approved at the time as its program document. Negotiations with the ruling party on the definition of a special status for Albanians, however, had been fruitless. The memorandum was not mentioned in the new Montenegrin constitution, which had thus been approved without Albanian involvement.

During the discussions, the guests asked why the Democratic League did not participate in the Montenegrin parliament. The Democratic League chairman pointed out that this was primarily due to discrimination by the electoral law and the 4 percent rule, and to the possibility of eliminating Albanian political entities by computerization. Indicative of this was the fact that even today the Democratic League does not know the election results.

Discrimination in education and other walks of life was also discussed in the talks.

Milosevic's Political Shift, Results Viewed

AU1409190194 Podgorica MONITOR in Serbo-Croatian 2 Sep 94 pp 8-10

[Commentary by Stevo Batic: "The Smell of Genetic Waste"]

[Excerpt] The origin of the chaos created in the minds of the Serbs in Serbia after Milosevic suddenly decided that the aim of the war had been achieved and that he would be the greatest pacifist in the future can be explained in only two ways: the "Great Manipulator" has either decided to make a shock-test of the public opinion by carrying out a kind of all-Serbian referendum about his former war policies across the Drina River, first of all having in mind his value as a negotiator in foreign politics, or he has made a catastrophic mistake after which he will have to reconfirm his power. If some of the earlier prominent supporters of Milosevic's war policies think that he would not win a presidential election and his party a parliamentary election if it were organized now, and if also some of his former bitter enemies think that his "death leap" is too abhorrent to be true, well-intentioned, or appropriate, it becomes clear that Milosevic has gotten stuck in the mud of domestic politics, which is too deep even for him. The reason for this lies not so much in the order given to Karadzic and his company to accept at any price the maps elaborated by the contact group, but in the decision to impose sanctions against the Serbs across the Drina River comparable to those the Federal Republic of Yugoslavia has been suffering for years.

Even those people who have invested all of their big authority against this war have been drawn into the interpretation of this sudden anti-Milosevic syndrome, that is into a certain defense of the public opinion militarized through propaganda. Miladin Zivotic, for example, an antiwar activist and the representative of the bourgeois political option, thinks that Milosevic's slapping on the heads of indoctrinated people absolutely corresponds to the methods used in 1948 when the ideological authorities of a system landed on Goli Otok [a prison] overnight, and "traitors and informers" crawled from mouse holes and became a part of the leadership.

A distinguished humanist, Mr. Dragutin Gostuski, advanced an interesting thesis in connection with Milosevic's "moral acrobatics." If we know that the Serbian people were decimated in the wars and revolutions of the 19th century, in the Balkan wars, in World Wars I and II and assume that the largest number of victims were the bravest soldiers, regardless of whether in the positive or negative sense of the word, one has to ask himself whether the present generation is genetic waste, with Milosevic, his politics and sycophants as its most rotten part! We also have to ask ourselves whether all the things which are happening are a moral catharsis of that decay.

Forced Deceit

That Milosevic—probably for the first time in his career—smelled the unpleasant smell of a defeat can be assumed based on the obvious panic, almost hysteria, which was demonstrated during a session of the Serbian parliament held ahead of schedule and even more in actions against certain media.

Although the only motive the opposition had was to criticize Milosevic's "capitulation," or the way in which it is being materialized, it did not realize that its proposal for a session of the parliament ahead of time was immediately greeted by the political leadership with outstretched hands, in contrast to previous experiences. It turned out that Milosevic needed that session more than the opposition—to the extent that television editors were not sure whether the voice of opposition members should be heard much, less, or not at all, and what their role should be in creating disturbances. When Dragan Tomic, the chairman of the parliament, interrupted the discussion in order to enable the Socialist Party to vote for their "declaration of peace" before the referendum started in the Serbian Republic, although 150 parliament members wanted to speak, everyone realized that they were pawns in a parliamentary farce, unprecedented even in such a Serbia. On the other hand, if the opposition had been taken in again—as it was expected—it is not quite clear why Milosevic wanted such an epilogue. Since the beginning of the war in the former Yugoslavia the Serbian Parliament has never discussed a tragic event or any of Milosevic's foreign policy or war activities. Absolutely everything in connection with the "Serbian Republic" across the Drina River was taboo for the Serbian Parliament; all of its chairmen avoided it like the plague. During the biggest war disasters in Bosnia-Herzegovina the parliament discussed the problem of fertilizers and grapevine grafting. Everything else was Milosevic's privilege. It cannot be assumed that Milosevic thought to be able to convince the leadership of the Serbian Republic—by means of a "declaration" imposed by the parliament—that peace had been his last thought before going to bed every evening during the last couple of years on the one hand, and convince the international community on the other hand that his former policies had only been an expression of the obvious wish of his people. One has to come back to the initial conclusion that there is panic and the necessity to look for the co-responsibility and the background of the whole thing. [passage omitted]

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